Daily Report

Latin America

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Group of 77 Chambers of Commerce Meeting Begins

FL0211021290 Havana Radio Rebelde Network in Spanish 0017 GMT 2 Nov 90

[Report by Jose Arteaga on the "Exclusivo" program]

[Text] Cuba was elected to the Presidency of the Executive Committee of the Chambers of Commerce of the Group of 77, which will assess here in Havana the issue of a trade information network and other topics. Julio Garcia Olivera, who is now president, stressed the work done by the Group of 77, and he called for development and cooperation among the member countries.

For his part, the outgoing president of the Executive Committee of the Chambers of Commerce, (Morrison Tifelani), called for the creation of an information network among the chambers of commerce. He stressed cooperation, which he said should continue to increase with developed countries.

During the ceremony held at the trade forum, the president of the Group of 77 and Bolivian ambassador to the United Nations, Hugo Navajas Mogro, said that developing countries have expressed their willingness to increase mutual cooperation.

The remarks made by Cuban Foreign Trade Minister Ricardo Cabrisas received much applause. He said that Cuba's hand will always be extended toward cooperation, especially with the Group of 77.

The obstacles and opportunities for industrial cooperation are on the extensive agenda that the trade forum will discuss until Saturday, 3 November, in the Palace of Conventions. The delegates will also discuss the exchange of technology and establishing joint South-South firms. The delegates also will visit Expocuba tomorrow afternoon, where the Eighth International Havana Fair is being held. The fair is being attended by 700 firms from 32 countries, including Cuba.

Menem, Collor Invited to Andean Summit

PY0211015890 La Paz EL DIARIO in Spanish 23 Oct 90 p 1

[Excerpt] Argentine President Carlos Saul Menem and Brazilian President Fernando Collor de Mello will attend the "Andean presidential summit" that will take place in Bolivia and will be aimed at strengthening the integration process.

Jaime Paz Zamora, in his capacity as the host president, made the invitation to his Brazilian and Argentine counterparts.

The summit is scheduled to be held on 29 and 30 November. The agenda calls for the implementation of a reorganization process aimed at subregional integration and promoting greater participation by the countries of the region in the new international arena. [passage omitted]

Andean Textile Federation Created

PY0111222190 Madrid EFE in Spanish 0001 GMT 31 Oct 90

[Excerpt] Lima, 30 Oct (EFE)—The Cartagena Accord Board announced in Lima today the creation of an Andean Textile Federation. The objective of this federation is to foster, defend, and promote the development of this industry in Bolivia, Colombia, Ecuador, Peru, and Venezuela.

The council is a technical organization of the Andean Pact, and it reported that 200,000 workers directly depend on this industry and 1 million depend on it indirectly. Textile exports are worth more than $700 million per year to the Andean Pact countries.

The federation was created in Quito last week at the initiative of the private sector and it seeks to improve the quality of textile products and to promote greater sales in the Andean and world markets. [passage omitted]

Cuba

Risquet on U.S. Releasing Missile Crisis Files

PA0111160890 Havana International Service in Spanish 0100 GMT 31 Oct 90

[Part II of "exclusive" interview with Jorge Risquet, member of the Communist Party of Cuba (PCC) Politburo, by Pedro Martinez Pirez, at PCC Headquarters in Havana; date not given—recorded]

[Text] [Martinez] Taking into consideration the fact that one is referring to documents and stories, I recently learned in news dispatches datelined in Washington, D.C. about the lawsuit filed by nine former high-ranking Kennedy administration officials against the Bush administration so that approximately 700 documents on the so-called October or missile crisis can be disclosed. Even before, Professor Phillip Brenner—who is also interested in declassifying these documents so that the historical truth prevails—had filed a similar suit. In your judgment, what does the legal action taken by Brenner mean?

[Risquet] Well, the suit filed by Professor Phillip Brenner against the U.S. Government to declassify these 700 documents is absolutely fair and is an attempt to determine the historical truth. As you said, other high-ranking Kennedy administration officials, including Treasury Secretary [name indistinct], who was also President Kennedy's special adviser, and the deputy secretary of state, in sum all members of the National Security Council, have supported Brenner's suit. If the United States declassifies these documents and the USSR and Cuba do the same, we will have all the cards on the table to examine everything that happened and determine the truth on the October crisis.

[Martinez] Speaking of having all the cards on the table, I remember that a symposium on the October crisis was held in Moscow last year. A Cuban delegation headed by yourself, along with U.S. and Soviet personalities, participated in this symposium. Will there be more such meetings among these three countries in the future?

[Risquet] Well, during the tripartite symposium you just metioned, our delegation offered Havana as the possible site of a new meeting. We made this proposal—without it being a firm commitment on our part—and it was welcomed by all participating parties—that is, the Soviet delegation headed by the late Andrey Gromyko and the U.S. delegation, which included former Defense Secretary Robert McNamara, [name indistinct], other high-ranking Kennedy administration officials, and a group of noted professors and historians.

When we returned to the country, the leadership of the PCC approved our proposal, and we have been working on it since then. We have maintained contacts with the Soviet delegation. Soviet academicians such as Yevgeniy Maksimovich Primakov are working on this issue as part of their daily lives [words indistinct].... Primakov has now been tasked with other more important issues, and recently visited the Arab countries, the United States, and some Western European countries. Most recently, Primakov, an adviser to President Mikhail Gorbachev, is back in the Middle East as Gorbachev's personal envoy to seek a negotiated solution to the Persian Gulf conflict.

Primakov and I cochaired the last session of the Moscow forum. (Jan Nazarov) is president of the political experts society of the USSR and (Kobaliov) is the director of the historic files of the [words indistinct] and a prominent researcher. These Soviet academicians are preparing for the next meeting in Havana. In addition, we have been working with U.S. academicians Brenner, (Blay), (Garfot), and (Kyle Smith), who was head of the U.S. Interests Office in Cuba. As you know, Smith has now joined the community of academicians, and he has [words indistinct] two times. The last time was in September in preparation for the Havana meeting.

We have made progress in our preparations on the agenda of the meeting, and the three parties have agreed to hold the upcoming meeting next year in Havana. A preliminary meeting will be necessary to prepare the agenda, the procedures of the meeting, and the names of personalities who will participate, as well as to advance in examining different aspects of the crisis and its background.

I would like to pause here to examine the background of the October crisis—namely, the period since Playa Giron until the crisis. To do this, it is necessary and very important that Cuba, the United States, and the USSR declassify their materials and various bilateral papers, such as documents, letters, messages, notes of meetings, and the like between Cuba and the USSR or between the USSR and the United States. We think that this preliminary meeting, prior to the Havana meeting, will take place in January. We are working in this direction.

U.S. Called 'Common Thief' With Iraqi Assets

FL0111144190 Havana Tele Rebelde Network in Spanish 1236 GMT 1 Nov 90

[From the "Hot Off the Press" feature by Daniel Torres on the "Morning Magazine" program]

[Text] The latest reports indicate that U.S. President George Bush has said that Iraq's frozen assets throughout the world—that is, Baghdad's assets on international markets that frozen on 6 August...[changes thought] The crisis began on 2 August, and on 6 August the Security Council decreed the embargo against Iraq. Well, now the U.S. Administration wants that money to swell the coffers of the United States itself and of certain other countries. Bush said this should be done as a manner of offsetting the expenses that have had to be incurred to be present in the Persian Gulf. Not only has the United States brought these waters to the brink of war; not only does it have an attitude of open piracy in the area, but like a common thief, it now wants to keep

Iraq's money in a maneuver that it is trying to whitewash with a context or tinge of internationalism.

Soviet Delegation Departs After Official Visit

FL0111130090 Havana Tele Rebelde Network in Spanish 1200 GMT 1 Nov 90

[Text] Army General Raul Castro, second secretary of the Central Committee of the Communist Party of Cuba, said farewell to the delegation led by Oleg Semenovich Shenin, member of the Politburo and secretary of the CPSU. The Soviet leader told the press that his talks with Fidel were very interesting and he could see that programs for the development of biotechnology and tourism, among others, are based on reality.

Commenting on his tour of Havana Province with the top leader of the revolution, Shenin, head of the visiting CPSU delegation, said that he had very lively contacts and very frank talks with students, laborers, and peasants. He also highlighted his talks with Fidel, in which they discussed international relations and relations between the CPSU and the Communist Party of Cuba [PCC].

Oleg Semenovich also noted the CPSU and PCC's common objectives of improving their party and government structures. In this regard, he said that his observations in Cuba indicate that many of our country's experiences could be used to advantage by his party. He also said that the two parties are on the right path in the lives of their respective societies. He said that both know how to find solutions to problems that we have to face. The Soviet leader also said that it would be advisable to maintain mutual contacts routinely, as has always been the case. He said that Cuba and the USSR have a single path: the socialist option.

Military Delegation Meets Bolivian Commanders

FL0111134690 Havana Tele Rebelde Network in Spanish 1200 GMT 1 Nov 90

[Text] General Jorge Moreira, commander in chief of the Bolivian Armed Forces, has received in his office a Cuban military delegation that is on an official visit to that South American nation. The meeting was described as cordial by members of the delegation, led by Brigadier General Ramon Andollo, and consisting of Colonel Fernando Almaguer and Major Juan Luis Correa. The Cuban officers were also received by Vice Admiral Anibal Gutierrez, commanding general of the Bolivian Navy, with whom they held a similar meeting. Today, Gen. Andollo will give a lecture at the National School of Higher Studies, Bolivia's top military academy.

Caricom Secretary General Meets PCC Official

FL0211021990 Havana Television Service in Spanish 0100 GMT 2 Nov 90

[Text] Caribbean Community [Caricom] General Secretary Roderick Rainford today stressed Cuba's achievements in the fields of health, science, and social development. Rainford met with Lionel Soto, member of the Central Committee of the Communist Party of Cuba [PCC] and vice president of the Council of Ministers, who expressed his satisfaction for having Rainford in the capital to attend the Fourth Meeting of Chambers of Commerce and Industry of the Group of 77. The distinguished guest said that there is much rhetoric in the world regarding biotechnology, but Cuba has taken concrete actions. He said he favored the exchange of scientists between Cuba and Caricom members.

Delegation Accompanies Remains to Santo Domingo

FL0111204890 Havana Tele Rebelde Network in Spanish 1800 GMT 1 Nov 90

[Text] The remains of the brothers Francisco and Federico Henriquez y Carvajal will be buried in the Santo Domingo National Cemetery. Our special correspondent called us from Santo Domingo:

[Begin unidentified correspondent telephone recording] The remains of Francisco Henriquez y Carvajal, former president of this sister Caribbean nation, were received in Santo Domingo with presidential honors. They were transported from Santiago de Cuba yesterday afternoon. Dominican Republic Vice President Carlos Morales Troncoso headed the receiving line at Las Americas Airport together with the Cabinet in full and a commission from the Chamber of Representatives. At the end of the ceremony held to receive the remains at the Dominican airport, the country's vice president, Carlos Morales Troncoso, told the Cuban television that he was extremely grateful for the efforts made by the Cuban Government for the transfer of Dr. Francisco Henriquez y Carvajal to his native land.

The remains of the brothers Francisco and Federico Henriquez y Carvajal were left all night last night in the funeral chapel at Our Lady of Carmen Church located in the colonial center of the city where Dominican Vice President Morales Troncoso and Cuban Minister Vecino Alegret were the first ones to stand guard. This was delayed because of a power outage. Power outages happen frequently here because of the lack of fuel. Moments later, the official Cuban delegation went to the Santo Domingo City Hall where its members were declared distinguished visitors of the first city founded in America. [end recording]

Uneca Fair Transactions Valued at $500,000

FL0211032690 Havana Radio Reloj Network in Spanish 0301 GMT 2 Nov 90

[Report by Elva Salazar and Francisco Hernandez]

[Text] Within the framework of the Eighth International Havana Fair in Expocuba, the Union of Caribbean Construction Enterprises, Uneca, has completed transactions valued at half-a-million dollars with various foreign firms. The main goal of these transactions is to attain products for our country's construction projects in the tourism sector.

This was reported to Radio Reloj by (Orestes Rodriguez), director of Uneca imports. As an example, he cited the purchase of important items for the Plaza and Copa Cabana national hotels, the construction projects in Varadero, and the Floridita restaurant. In addition, the Uneca is promoting at the Eighth International Havana Fair its specialized work brigades for assembling projects in our country, as well as abroad, in conjunction with foreign groups.

* Private Pig Raising Allowed

91P40024C

[Editorial Report] An article in the 13 October issue of the Havana Spanish-language newspaper TRABAJADORES reports on page 4 that the Ministry of Agriculture has authorized that pigs may be raised by private individuals in Havana Province. According to the article, health control measures to prevent the outbreak of pig-related diseases will have to be followed. The Institute of Veterinary Medicine will issue licenses to pig raisers and will conduct health inspections.

* 50,000 Bicycle Tires To Be Produced

91P40024B

[Editorial Report] The 13 October issue of the Havana Spanish-language newspaper TRABAJADORES reports on page 3 that the Conrado Pina tire factory will produce 50,000 tires for 24-, 26-, and 28-inch bicycles and will have the capacity to produce 300,000 by the first half of next year. According to the article, the materials needed to produce tires are guaranteed, and 26,962 tires have already been produced. The article further explains that new equipment will eventually replace that currently in use due to the high volume planned. In conclusion, the article states that research will be carried out to extend the life of the tires from two and one-half to a minimum of four years.

* New Domestically Made Bicycles Described

91P40024A

[Editorial Report] The 13 October issue of the Havana Spanish-language newspaper TRABAJADORES describes on page 3 the prototype for bicycles to be produced domestically. The model was built by the Claudio Arguelles Enterprise in Havana City, one of five Steelworking Industry [Sime] entities involved in bicycle manufacture. According to the article, the 26-inch bicycle weighs 19 kg, and has hand brakes and 1.75-inch tires. It has a carrier bar over the rear wheel for passengers or packages. The article also explains that there will be both men's and women's models and that the bicycle can last 20 years.

Correction to Vice President Rodriguez Interview

PA3110181190

The following correction pertains to the item headlined "Rodriquez Interviewed" published in the 25 October Latin America DAILY REPORT, page 1:

Column two, make subslug read: [First of three installments of interview with Vice President Carlos Rafael Rodriguez by Pedro Martinez Pirez at the Council of Ministers in Havana on 23 October—recorded] (correcting subslug)

Correction to Vice President on U.S. Relations

PA3110181490

The following correction pertains to the item headlined "Vice President Discusses Relations With U.S." published in the 29 October Latin America DAILY REPORT, page 5:

Column two, paragraph five, make subslug read: [Second of three installments of interview with Vice President Carlos Rafael Rodriguez by Pedro Martinez Pirez at the Council of Ministers in Havana on 23 October—recorded] (correcting subslug)

Barbados

Sandiford Said To Discourage Private Enterprise

FL0111185090 Bridgetown CANA in English 1636 GMT 1 Nov 90

[Text] Bridgetown, Barbados, Nov. 1, CANA—Saying the business sector had lost confidence in the administration of Prime Minister Erskine Sandiford, four leading Barbados business organisations on Thursday called for "consistent" government policies that encourage private sector activity.

A joint letter published in both daily newspapers accused the government of playing politics and listed nine grievances, including an unstable corporate tax regime and continuing state involvement in commercial ventures. The letter was signed by the presidents of the Barbados Chamber of Commerce and Industry, the Barbados Manufacturers Association, the Barbados Hotel Association, and the Barbados Agricultural Society.

It said: "Regrettably in the last few years, the government has followed politics which have sent mixed and confusing signals to the private sector. Consequently, many businessmen now lack confidence that the government is serious about creating the type of environment that is supportive of private sector enterprises."

Prime Minister Sandiford immediately rejected the charges, citing figures on gross capital formation to support his argument that "a significant improvement" in private sector activity had occurred under his government, compared with the first half of the eighties when the Barbados Labour Party was in office.

"It is therefore amazing that the four leaders of the business community could speak in this way...," he said.

The four organisations complained that the government had reduced the rate of corporation tax from 45 to 35 percent in 1986, only to carry it back up to 42.5 percent two years later by way of a 7.5 percent surcharge.

"From April 1, 1989, the rate was again reduced to 35 percent, but who can feel confident it will not change again soon?" the groups asked. They also asked why a government promise to introduce a graduated corporation tax ranging from 15 to 35 per-cent had not been brought into effect.

The four groups further complained of a lack of dialogue with the government. As an example, they cited the failure of the National Economic Consultative Council to meet in the past 12 months. This group was established in April 1989 to facilitate dialogue between the private sector and government. The letter also mentioned government's failure to respond to a private sector request for a meeting to discuss recommendations for improving the economy which had come out of a business consultation earlier this year.

The groups rapped the government for continuing to compete with the private sector in areas "that would be best left to the private sector." Specific mention was made of a decision to grant state-owned Caribbean Airways the concession to operate a newly-opened in-bond duty-free shop at the Grantley Adams International Airport. "What area of business will government seek to enter next?" the four organisations asked in their joint letter.

The organisations criticised Sandiford's management of the economy, saying the administration was borrowing heavily and spending at "an unsustainably high level" while imposing a credit squeeze on the private sector which was being asked to conserve and increase foreign exchange earnings.

"Such policies are contradictory," the letter said, citing an adverse impact on the balance of payments and a large fiscal deficit this year. The government has repeatedly denied barring the private sector access to credit for productive activities such as tourism and manufacturing. The credit squeeze was specifically in relation to the personal, consumer, and distribution sectors, to dampen high demand for imports, government officials have repeatedly said.

The four organisations said the private sector was willing to play its part in the economic development of Barbados, but government had to allow it to "get up and go."

Ministry Reports 1.9 Percent Inflation Rate

FL0111180290 Bridgetown CANA in English 1725 GMT 1 Nov 90

[Text] Bridgetown, Barbados, Nov 1, CANA—The annualized rate of inflation here, as measured by movements in the retail price index, stood at 1.9 percent in August, the Ministry of Finance and Economic Affairs said.

In a statement reporting on price changes between July and August, the ministry said the index showed a 0.8 percent increase. The categories of food, medical and personal care, clothing and footwear, education, recreation, and miscellaneous showed increases. Declines were reported for fuel and light, and household operations and supplies.

Dominican Republic

Normalizing Cuban Relations Said Up to Balaguer

FL0111194190 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 1 Nov 90

[Text] Vice President Carlos Morales Troncoso has asserted that the normalization of relations between Cuba and the Dominican Republic is up to President Joaquin Balaguer. The country's vice president spoke at the end of the ceremony held to receive the remains of former President Francisco Henriquez y Carvajal at Las Americas International Airport. He also said the country's Constitution authorizes the president of the Republic to take a decision on this matter. Carlos Morales Troncoso asserted that historically the Cuban and Dominican peoples are brothers and the two are aware of this.

Ricardo on Cuban Relations

FL0211004890 Havana Radio Rebelde Network in Spanish 0012 GMT 2 Nov 90

[Interview with State Secretary of Foreign Relations Joaquin Ricardo by Carlos Sanabia Marrero at the Santo Domingo Concorde Hotel on the "Exclusivo" program—live]

[Text] [Marrero] Good evening. Are there possibilities for greater rapprochement between Cuba and Santo Domingo?

[Ricardo] There have always been very extensive ties between the two nations. Our peoples are closely linked, tied by historic events, by memories that should be permanently venerated, and by events that occurred between our two nations, our two peoples. That is why I reiterate that our ties have always been very extensive. We have always been (?supportive) of each other. I think that we have maintained those ties. We have increased them with our affection, with permanent actions of reciprocity between the Cuban and Dominican people. I

think there is greater rapprochement and greater warmth between the two peoples. That is something that we do not need to deny or hide. On the contrary, we are located in the same geographic area. We are part of the great Caribbean, and the nations and the peoples, as I have said, will always be linked, united by such ties.

[Marrero] To what extent is the Dominican Republic affected by the current international situation, which especially affects underdeveloped countries of the Third World?

[Ricardo] There is no doubt that the problem of the Gulf crisis affects us. As you can understand, the possibility always exists that we may be immersed in problems. Specifically, in the Gulf crisis, the problem of oil prices, the shortage of oil, is a situation, however, that we are all concerned about. We are not just concerned about the high price, but also about the shortage that could occur. This is a fact that could affect all countries, not just (?us), but all countries of the world, as you said.

Balaguer Announces New National Oil Policy

FL0111174590 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 1 Nov 90

[Text] President Joaquin Balaguer has announced the beginning of a new national oil policy that will be regulated by the UN Development Program. In a message attached to the contract signed between the Dominican state and the 11-11 Oil Company addressed to Chamber of Deputies President Norje Botello, the head of state noted that from now on this new policy will be in effect for the operation of national and foreign enterprises that establish themselves in the country for the exploration and exploitation of hydrocarbons. The 126-page-long oil company contract will reportedly be read by the Chamber of Deputies today.

Decision To Import Food for Market Praised

FL0111202690 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 1 Nov 90

[Text] The announcement made by the director of the National Institute of Price Stabilization [Inespre] that food will be imported to supply the national market is extremely hopeful. At the same time, the government is getting ready to give more incentives for the increase of national production and the solving of the currency problems affecting producers.

In this way, the problem is tackled in the two fundamental fronts, and the situation lower-income people are suffering is solved. It is obvious that we are facing a shortage of supplies and that this is caused by the lack of currency. The lack of currency is caused by the failure of those who generate it to turn it in to the Central Bank. This situation creates a vicious circle which should be stopped by all means not only by the authorities but by all those who are interested in the growth of the country's economy and the decrease of social tensions.

This is why the measure announced by Inespre is hopeful because it alleviates the shortage of supplies, and conditions are created to solve the basic problems. Moreover, the Christmas season is near and the demand for goods and services will increase and the shortage of supplies will become more critical. We welcome the announcement made by Inespre and hope that the food imports are not too massive so as to discourage national producers. It is as simple as this.

Medical Association Declares Nationwide Strike

FL0111162190 Santo Domingo Cadena de Noticias in Spanish 0930 GMT 1 Nov 90

[Text] The president of the Dominican Medical Association has announced a 48-hour strike today and tomorrow in all the country's health centers to demand that the government provide medical supplies to hospitals. Dr. Eusebio Garrido added that thousands of doctors have still not received the back wages that the government owes them. Dr. Garrido added that if the government does not heed the doctors' demands, he might call a strike for an indefinite period.

[Begin Garrido recording, in progress]...48 hours; in other words, from 0700 today, 1 November, until 0700 on Saturday, 3 November. The whole country knows the reason for this 48-hour strike. There has been no response from the government to our request for a wage increase, an increase that was not even to be applied in the upcoming budget.

We are also requesting a meeting with the president of the Chamber of Deputies, to see if the draft bill presented by [name indistinct] that grants a wage increase to the country's professionals has been, or is going to be discussed. The government has also failed to give a reply regarding the delay in paying doctors and public health workers appointed six months ago, and residents and interns have not been paid for the month of October. This is inconceivable, because these members of the Dominican Medical Association subsist solely on the basis of their wages. [end recording]

Coalition Strike To Call for Balaguer Resignation

FL0111170090 Santo Domingo Cadena de Noticias in Spanish 0940 GMT 1 Nov 90

[Text] In what is actually a radicalization of antigovernment protests, the Collective of Popular Organizations and the General Federation of Workers [CGT] announced that they will paralyze the country for five days to demand the resignation of President Joaquin Balaguer and his government team. The strike, which is to begin on Monday, 19 November, is political in nature, according to its promoters, who hope to receive support from all sectors affected by the crisis. Ramon Almanzar,

who acted as spokesman for the coalition of the Collective of Popular Organizations and the CGT led by Francisco Antonio Santos, said that the country's crisis will not be solved as long as Dr. Balaguer and his government team remain in power, so they must resign.

[Begin Almanzar recording] The Collective of Popular Organizations and the CGT propose to the country that it stage its first general five-day plebiscite strike from 19-23 November, to call for the resignation of the government, with the option of continuing the strike indefinitely if circumstances so demand. Consequently, the main purpose of the strike will be to voice the nation's clamor for the resignation of the Balaguer-Morales Troncoso government. [end recording]

Haiti

Lafontant Leads Duvalierist March in Capital

FL0111171890 Port-au-Prince Radio Metropole in French 1700 GMT 31 Oct 90

[Excerpts] Dr. Roger Lafontant led the Union for National Reconciliation [URN] in a march this morning at 11:00 AM in the downtown area. A special police unit surrounded the march. [passage omitted] Hundreds of people, including the curious, observed or participated in the march.

Posters that read: Down with the French Ambassador, Down with the Provisional Electoral Council [CEP], Down with Article 291 of the Constitution, were displayed. Posters also denounced foreign interference in Haitian matters. [passage omitted] According to the URN leader, this march is intended to unite Haitians of all origins and political tendencies. He said that they want everyone to join hands to take the country out of a dead end. [passage omitted]

It was strategic for the neo-Duvalierist sector to hold a march for national reconciliation today; it was to exhibit and gather popular support. It is not without reason that Roger Lafontant chose 31 October for a public demonstration, because the deadline is near. In five days the CEP, guided by Article 291 of the Constitution, must publish its decisions on the 26 presidential candidates, among them Roger Lafontant. Since last Friday when leaders of URN made statements about the possibility of a massacre of the population during elections, which they claim is being plotted by foreign embassies, the Duvalierists have been operating quickly. Since the tours of the provinces, after the convention at Vertallis, and the popular democratic forum in Gressier, Dr. Lafontant himself is found in the forefront of the fight for a Duvalieriest return to power.

Besides such campaign words as forgiveness, and reconciliation, candidate Lafontant is now using the concept of unity, not only of the Duvalierists, but also of the entire political class. On 31 October, under the surveillance of of a security force which included men dressed in civilian clothes and wearing heavy dark glasses, as well as security from the Port-au-Prince police, Roger Lafontant started the march for national reconciliation, which he says has united the members of the big family. [passage omitted]

This is the first public neo-Duvalierist exhibition in Port-au-Prince since 6 February, and since the electoral process began. It is following a very dramatic path, marching toward the National Palace. [passage omitted] At the end of the demonstration, Roger Lafontant plans to speak in Champ de Mars near the National Palace, with a voice that might resound inside the military palace, and Mrs. Trouillot's palace, in hope that the echo will also reach the CEP, and the ears of the foreign observers.

The slogans in Lafontant's march are aimed at two sectors: at the CEP, for the way it is managing the elections; and at foreigners, for their blatant interference in Haitian affairs. Through this public exhibition, the Duvalierists also want to display their power in the field, and thereby force the hand of the CEP to allow them the right to participate in the 16 December elections, as they are sure to win.

Azerbaijan Official Visits, Advocates Friendship

PA0111165290 Mexico City NOTIMEX in Spanish 0357 GMT 1 Nov 90

[Text] Mexico City, 1 Nov (NOTIMEX)—Tel'man Orudzhev, secretary of the Central Committee of the Communist Party of Azerbaijan, said today that ethnic strife and the economic crisis might destabilize the Soviet Union.

During a news conference, Orudzhev said that Soviet disintegration "would be tragic, and not only for the USSR. It would cloud the world's current situation."

Orudzhev, who is heading an Azerbaijan delegation visiting Mexico, said that "the world's political situation might change abruptly, and the political storm in this country might influence other nations."

He said that the people of Azerbaijan support the free market economic policy proposed by Soviet President Mikhail Gorbachev, because "we want to acquire economic freedom to contribute to individual and collective development."

Orudzhev, who is also a deputy of the Azerbaijan Supreme Soviet, said: "Times change and so do customs. Mankind must be prepared for these changes."

He also said that his visit is to affirm and strengthen the friendship between the Mexican people and Azerbaijan. He said: "We can cooperate in several fields, such as the economy, politics, science, and culture."

Orudzhev added that Azerbaijan has a promising future because of its enormous potential in raw materials and arable land and its excellent climate that allows the cultivation of many products.

He said: "We are in a position to reach cooperation agreements with Mexico for the good of both countries."

El Salvador

Ponce Notes Inconsistencies in Buckland Testimony

PA0111125490 San Salvador LA PRENSA GRAFICA in Spanish 31 Oct 90

[Text] In a letter addressed to U.S. Congressman John Joseph Moakley, the Salvadoran defense minister has pointed out inconsistencies in the testimony of U.S. Major Erick Buckland in connection with the Jesuits' case.

The official note, signed by Colonel Rene Emilio Ponce, pointed out certain inconsistencies in the remarks that Maj. Buckland made the second time. Ponce says that, if what Buckland says is true, it could have shed additional light on the investigation and, if untrue, it could help assess the officer's credibility as a witness.

Col. Ponce bases the contents of his letter on U.S. newspaper reports of Congressman Moakley's remarks published on 18 October.

The minister says: "I would like to explain that the information is untrue for the following reasons. According to the report, Col. Aviles met with Col. Benavides 10 days before the Jesuit priests were murdered; that is to say, about 6 November. Col. Aviles, however, was in New Orleans from 31 October to 14 November and returned to El Salvador only two days prior to the tragic incident. Col. Aviles will send you a copy of his passport. This should suffice to demonstrate the falseness of Maj. Buckland's remarks. Col. Aviles could not be in two places simultaneously. There are, however, additional reasons for this hypocrisy. Had I known beforehand what it is said Col. Benavides was plotting, I would have talked to him personally or I would have summoned him to my office because Col. Benavides' office was located less than 200 meters away from mine. It is not reasonable to think that he would have sent an intermediary to handle a matter as serious as this one.

"Had he sent someone, it would have been a person involved with the operation rather than with psychological warfare, as was the case with Col. Aviles. Anyway, it would have been somewhat logical to send a superior officer or a person whom Col. Benavides trusted. Not only was Col. Aviles a subordinate because Col. Benavides was his senior, but the two men were never friends.

"We all want justice to be done in the case of the Jesuit priests. We have supported and will continue to support Judge Zamora in his investigations."

Jesuit Case Judge Said To Receive CIA Documents

PA0211022190 San Salvador EL DIARIO DE HOY in Spanish 31 Oct 90 p 2

[Text] A series of photocopies of CIA reports concerning the Jesuit case were sent by Jose Maria Tojeira, provincial of the Company of Jesus for Central America, to Fourth Penal Court Judge Ricardo Zamora.

Most of the 200 pages of documents were written in English and had passages that U.S. intelligence considered "classified information" scratched out.

The Supreme Court announced that Tojeira had added a note in which he stated that parts of the documents had been scratched out, thereby blocking access to the requested information.

Tojeira requested that Zamora ask the U.S. Government for the original documents, but the judge refused the petition because the Jesuit is not officially a plaintiff in the prosecution against nine soldiers implicated in the six Jesuits' murders.

Tojeira said that the Company of Jesus is trying to obtain as much information and as many elements concerning the case as it can from the United States.

Meanwhile, Judge Zamora announced that the documents have been added to the process and that he has named an expert translator to translate the parts of the text that have not been scratched out.

Judge Ricardo Zamora announced that he has also received a sworn statement from National Police Director Colonel Dionisio Ismael Machuca concerning a commanders' meeting on 15 November at the General Staff headquarters.

On the morning of 30 October, Judge Zamora heard the testimony of Police Force Lieutenant Colonel Jose Antonio Armendariz Rivas (from the intelligence section) and Lieutenant Jose Alberto Arias Ramos, who directed the military defendants' arrest.

On 30 October, Colonel Carlos Armando Aviles also appeared in court to give an expansion on his testimony, but it was postponed for a few days.

FMLN Admits Responsibility for 23 Oct Attack

PA0111194790 Mexico City NOTIMEX in Spanish 1819 GMT 1 Nov 90

[Text] San Salvador, 1 Nov (NOTIMEX)—The Farabundo Marti National Liberation Front [FMLN] today admitted its responsibility for the attack that caused the deaths of two minors on 23 October, describing it as a "regrettable accident."

In a communique published today, the FMLN General Command admitted that one of its urban commando units was responsible for the unsuccessful attack on the Armed Forces General Staff Headquarters.

According to the FMLN communique, a guerrilla unit "was preparing an artillery piece for the attack (against the General Staff) and during the handling it accidentally went off, missing its target."

The unsuccessful attack destroyed a private home located in a residential area southeast of San Salvador, killing two minors and wounding three other people.

The communique, which was signed by the five members of the FMLN General Command, said that the FMLN, in disclosing the truth about this grave incident, regrets the fact that it caused innocent victims." [quotation marks as received]

FMLN Communique on 'Incident'

PA0111213190 San Salvador Radio Cadena YSKL in Spanish 1700 GMT 1 Nov 90

[Report on communique issued by the General Command of the Farabundo Marti National Liberation Front (FMLN) on 31 October in El Salvador and sent to local Salvadoran radio stations on 1 November]

[Text] During the afternoon hours of 23 October, an explosive charge destroyed a private home near the Armed Forces General Staff headquarters in the San Francisco neighborhood. Two minors were killed and three were wounded as a result of the explosion. Because our urban forces had plans to attack the General Staff, and because we were concerned about the confusion that arose over the incident, we immediately conducted an investigation to accurately report on our responsibility—or lack of responsibility—for what happened.

We did so because of the distortions that exist in the enemy propaganda, which fabricates victims to blame us for attacks that we did not stage, as happened in the case in which people were purportedly wounded in the attack against the FAES [Salvadoran Air Force] transmission center, or in the attack we were falsely accused of carrying out against the home of Guillermo Ungo.

The FMLN communique goes on to say:

The result of the investigations: It has been confirmed that indeed on the aforementioned date, one of our command cells that was preparing artillery for an attack mishandled it. Thus, it went off ahead of time, missing its target, and causing the already noted results. In reporting in a responsible manner the truth of this serious incident, the FMLN deeply regrets that there were innocent victims.

[Signed] FMLN, El Salvador, 31 October 1990.

Guatemala

URNG Sets Conditions for Cerezo Meeting

PA0211035490 Guatemala City SIGLO VEINTIUNO in Spanish 1 Nov 90 p 3

[Text] The General Command of the Guatemalan National Revolutionary Unity (URNG) on 31 October set conditions for a meeting with President Vinicio Cerezo, requiring that he be accompanied by the candidates who pass to the second round of the elections, or by the elections' winner.

The "NOTICIAS DE GUATEMALA" news agency states in a fax datelined 31 October in Mexico that a dialogue with the president "makes no sense, because it is a lame duck government which has been discredited nationally and internationally" and credits Commander Pablo Monsanto for the statement.

The agency adds that "the member of the URNG General Command used similar terms referring to the possibility of holding talks with the president without the Army's presence."

"We see that, at this moment, meeting with Cerezo without the Army's support would not lead us to make any kind of decisions or agreements, nor would it add any benefit to the dialogue process," Monsanto said.

NOTICIAS DE GUATEMALA says that "according to public reports, there is insecurity in the Army regarding the process because their predictions have failed. Monsanto stated that the current struggle going on inside the military as an institution not only endangers the search for a political solution to the internal armed conflict, but also the possibility of building real democracy."

NOTICIAS DE GUATEMALA reports that "on another topic, the rebel commander stressed that the URNG has arrived at this last stage of the dialogue process with renewed strength, militarily as well as politically, and said the guerrilla groups are operating in 11 of the 22 departments in Guatemala."

Nicaragua

Godoy on Heading Government in Chamorro Absence

PA0111133690 Mexico City NOTIMEX in Spanish 2228 GMT 31 Oct 90

[Report by Luis Felipe Lopez]

[Text] Managua, 31 Oct (NOTIMEX)—Nicaraguan Vice President Virgilio Godoy might appeal before the courts the regulation issued by the Nicaraguan National Assembly concerning the replacement of the president of the Republic in case of a temporary absence.

"I do not think it is necessary to file an unconstitutionality writ, but I might decide to do it after all," Godoy said in an interview with NOTIMEX.

Last week, the National Assembly (parliament) approved a regulation that determines that the vice president will only be able to assume the presidential functions when the president leaves the country for more than one month, or when the president is not capable of exercising the post.

President Violeta Chamorro sent the proposal due to the controversies that follow her trips abroad, because Godoy wanted to be declared acting president even though he cannot exercise the right.

Article 145 of the Nicaraguan Constitution states that the vice president will become acting president when the president of the Republic is temporarily absent from the

post. The National Assembly decided that the concept "temporary absence" will be applied when the president leaves the country for more than one month.

"The Constitution is quite clear. The text of the Constitution allows no doubts. The executive branch disregarded the Constitution and so did the National Assembly," said the vice president, who is virtually shunned by the government.

"This establishes a bad precedent and it puts the executive branch in a predicament. I would recommend that the executive branch not publish [words indistinct] ridicule, in connivance with the Sandinists" and not to lend itself to "this indelicate maneuvering."

The Chamorro-Godoy ticket was presented during the February 1990 presidential elections by the National Opposition Union (UNO) coalition, which managed to defeat the Sandinist National Liberation Front, whose candidates were former President Daniel Ortega Saavedra and former Vice President Sergio Ramirez.

Nevertheless, the differences between the 13 groups comprising UNO eventually emerged and Godoy became estranged from Chamorro, to the point that he is not allowed to enter the Presidential Palace.

The vice president, who has not been assigned an office six months after assuming the post, also said that the business sector's refusal to sign the concerted agreement proposed by Chamorro "was an act of responsibility."

The withdrawal of businessmen comprising the Higher Council for Private Enterprise (Cosep) might represent "a mortal blow" to the coordination process between the workers, private enterprise, and the government, Godoy stated.

He added that Cosep did not sign the concerted agreement because, in its opinion, it endorsed "the Sandinist members' misappropriations and illegally acquired properties." The agreement failed because "all it involved was a series of wishful letters to Santa Claus" and no specific pledges were achieved.

Demobilized RN Supports Concerted Agreement

PA0111145990 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 30 Oct 90

[Text] The demobilized Nicaraguan Resistance, RN, today signed a document supporting the economic and social national agreement. The regional directors of the demobilized RN signed the document after two days of debates. The document states that the recently signed agreement should serve as an inspiration for a sectorial agrarian concerted effort based on peace and social justice. The directors affirm that this action should be coordinated by the National Agrarian Commission and should tackle problems like access to land, disarmament of civilians, democratic cooperatives, general demilitarization, and the right of peasants to freely organize unions. Institute of Repatriation Minister Roberto Ferrey hopes that the National Agrarian Reform Commission will further this effort and implement the agreement immediately.

[Begin Ferrey recording] Let us make a similar effort on the land problem with the concurrence of the landowners—whether they are state, private, or cooperatives—Sandinist organizations, demobilized sectors, and all those who are interested in farm and cattle production. The demobilized RN members have agreed to join and support the process. They believe that, based on this concerted effort, we will be able to stabilize the country and provide the foundation for continued development of the democratic and peace strengthening process. That is why the agricultural effort will be part of this national process. [end recording]

Army General Humberto Ortega believes that it is necessary to win confidence both in the country and in the city to ensure basic stability and confront the problems.

[Begin Ortega recording] With this meeting we want to improve and strengthen coordination and understanding so that the national and regional agreements may reach their real objectives, which are the territories, the rank and file, and the regions. [end recording]

[Begin Israel Galeano, aka Commander Franklin, recording] We are not hindering the government from carrying out its projects for the country's social welfare. We are hoping to see this country develop to the point where everyone, without exception, may get off to a good and confident start, economically, politically, and socially. [end recording]

In its document, the RN calls on all sectors to leave behind any overall group attitude that may slow down the pace of the national salvation process.

* Lacayo Refutes NEW YORK TIMES Article

91CA0005A Managua LA PRENSA in Spanish 25 Sep 90 p 2

[LA PRENSA interview with Minister of the Presidency Antonio Lacayo; place not given; first two paragraphs are LA PRENSA introduction]

[Text] In an interview with LA PRENSA today, the minister of the presidency, Antonio Lacayo, discussed each of the points that the NEW YORK TIMES made this week in an article in which the U.S. reporter, Mark Uhlig, said that in the Nicaraguan democracy, control is still exercised "from the top."

Lacayo responded to the statements published in this issue by Mr. Uhlig, the TIMES correspondent in Managua, as follows:

[LA PRENSA] In its Sunday, 23 September edition, the NEW YORK TIMES said that you have replaced political pluralism by a closed family government, maintaining a secret leadership with a vision of Nicaragua in which there is little participation by the public and your

former political allies. The TIMES said this is because you have developed a close working relationship with General Humberto Ortega, ignoring the views of the voters.

[Lacayo] The agreements to which the NEW YORK TIMES refers, known as the "Transition Protocols," were reached for the specific purpose of allowing the new government elected by popular vote to take over peacefully.

The only way to begin the work which the people have called for through their vote is through the nation's final pacification and the resolution of the economic crisis.

[LA PRENSA] In his article, the U.S. reporter claims that these agreements have not been sufficient to bring about the stability and social peace you just mentioned. What is your viewpoint on this subject?

[Lacayo] The fact that the Transition Agreements were not sufficient to ensure social peace demonstrates just how necessary those agreements were, for without them it wouldn't even have been possible to achieve what we have managed to bring about during these five months: relative social peace.

I think it is important to point out that even though Nicaragua did have a free election, that election is just the start of a new style of government in Nicaragua, but in of itself it is certainly no guarantee of social peace.

Creating social peace is a daily, ongoing job, requiring agreements with all of Nicaragua's diverse social groups.

[LA PRENSA] Are you, as Uhlig says, an all-powerful boss in Violeta de Chamorro's government strategy?

[Lacayo] As minister of the presidency, according to the provisions of Decree 1-90, it is my duty to serve as a link between the president and the members of the cabinet. In this position, a minimum amount of discipline is required in order to move the government forward along the fundamental course which President Violeta de Chamorro clearly outlined. Essentially, this means National Reconciliation and the concept that this government must be the government of all the Nicaraguan people, and it must be above partisan interests.

[LA PRENSA] The NEW YORK TIMES suggests that the national reconciliation policy which you are promoting is motivated, they say, by the fact that you are a businessman and that you have worked successfully in partnership with the Sandinists. What truth is there in those speculations?

[Lacayo] I believe that we Nicaraguans are capable of reaching agreements and this is essentially what democracy is about. During the transition we had to reach agreements with the outgoing government. Today Mrs. Chamorro's government is trying to reach agreements with the producers and the workers.

As time goes by, we will need other agreements. What is important is to transform the authoritarian power structure in Nicaragua into a democratic system which will not deprive anyone of his or her right to participate, a right protected by the constitution.

[LA PRENSA] But what Uhlig is insinuating is that you did business with the former Sandinista government.

[Lacayo] Anyone who didn't live in Nicaragua during 1982, 1983 and 1984, when the Sandinists led an attack against private enterprise, would find it hard to understand the merit of a person having decided to stay in Nicaragua to seek his legal rights before the Supreme Court, which was also strongly influenced by the Sandinist government.

Mr. Uhlig only knows what happened in recent years when, as a result of a favorable court decision, I was able to recover the company that I had been managing and restore control of it to its rightful owners.

[LA PRENSA] What do you have to say about the existence of a "controversial agreement" which the TIMES says you reached with General Ortega to leave the armed forces and the security forces intact, in exchange for the Sandinists' pledge to turn over authority in an orderly manner?

[Lacayo] The Transition Agreements only made clear the desire to respect constitutional precepts governing the nation's armed forces, and to guarantee that the UN program would start to take effect. This means that the armed forces should have national and not partisan forces, whose members cannot hold leadership roles in any political party.

[LA PRENSA] In its report, the NEW YORK TIMES says that these agreements were voted on. It doesn't say by whom, but it claims that 50 people voted, and they passed by a margin of three votes. Is that true?

[Lacayo] I don't know anything about it. In any case, only the president makes that type of decision.

[LA PRENSA] In the same article and in another which also appeared within the past week, the TIMES correspondent talks about a law published in LA GACETA in June, which was passed on 23 February of this year. That law gave autonomous powers to the chief of staff of the army and took authority away from the defense minister, who is Mrs. Chamorro. Was that law discussed with you during the transition last March?

[Lacayo] During the discussions on the Transition Agreements, various laws and constitutional clauses related to the nation's armed forces were reviewed. During these talks that law, signed by former President Daniel Ortega while the Legislative Assembly was in recess, came to light.

I believe it is the job of the Legislative Assembly, elected by popular vote, to review not only this particular law, but all current laws in force in our country so that it can

provide the necessary legal framework for the development of the type of society which the majority of the Nicaraguan people want.

[LA PRENSA] Another suggestion made by this U.S. publication is that you and Gen. Humberto Ortega start and stop strikes by mutual agreement. What can you tell us about that?

[Lacayo] The strikes have caused a great deal of damage to the nation. The majority of the people oppose them because of their high cost to our economy.

The fact that through negotiations our positive input helped to bring two strikes to an end doesn't mean that we have the power to start such strikes, instead, we can bring them to an end.

We are of the opinion that until our economy recovers, it is not patriotic or constructive to promote strikes. But the right to strike is protected by the constitution.

[LA PRENSA] What do you think of Uhlig's point about the existence of a rather unusual partnership between yourself and Gen. Humberto Ortega, something further strengthened by your monopoly on the communications media, since the Chamorro family owns LA PRENSA and the paper is run by your wife?

[Lacayo] The government has only two television channels and one radio station. LA PRENSA is not an official govenrment organ, nor do we want it to be.

Not long ago we were pleased by the founding of two weekly publications, NOVEDADES and EL SEMANARIO, as they are an expression of the extent of freedom that exists, and they will contribute to the political pluralism we must have in our country.

[LA PRENSA] Finally, the NEW YORK TIMES, through its correspondent in Managua, says that this government is closed and autocratic. How would you describe it?

[Lacayo] For the first time in our history we have achieved true independence among the branches of the government. The Legislative Assembly has its own dynamics. The judicial and electoral [sic] branches are independent. This has not existed in Nicaragua during the last 50 years.

Correction to Lacayo 31 Oct News Conference

PA0111225290

The following correction pertains to the item headlined "Danilo Lacayo on National Agreement, Economy," published in the 1 November Latin America DAILY REPORT, page 10, column one:

Make headline read: Antonio Lacayo on National Agreement, Economy (correcting name)

Make subslug read: [News conference by Antonio Lacayo, minister of the Presidency, with local and foreign reporters, moderated by Danilo Lacayo, information and press director of the Presidency, in the press room of the National Palace in Managua—live] (correcting name of person giving news conference, identifying moderator)

Column one, first graf of item, first sentence, and throughout item, speaker identified as [Lacayo] should be identified as [Antonio Lacayo] (correcting name)

Page 11, second column, graf three, only sentence, and throughout item, speaker identified as [Moderator] should be identified as [Danilo Lacayo] (correcting name)

Panama

U.S. Defense of Legal Assistance Treaty Viewed

PA0111193090 Panama City EL DIARIO INDEPENDIENTE in Spanish 1 Nov 90 p 23

[Unattributed article: "Financial Center in Danger"]

[Excerpts] Representatives of EL DIARIO INDEPENDIENTE learned yesterday that most banks of the Panamanian international financial center are in a state of high tension and uncertainty. Panama's international financial center is facing difficult times as a result of the economic blockade imposed by the United States on Panama since mid-1988. [passage omitted]

After the intervention and the threat made by the National Banking Commission to close the Banco Interoceanico, other banks, which have been accused by the DEA [Drug Enforcement Administration] of laundering drug money or taking deposits resulting from tax evasion in the United States, are seriously concerned because they are afraid this will also happen to them. [passage omitted]

The treaty proposed by the United States—which is vehemently defended by U.S. Ambassador Deane Hinton, who is seen by many Panamanians as a new "Yankee proconsul" wielding a stick against Panama—uses phraseology that represents a real offense against national security and the sovereignty of Panama. [passage omitted]

Panamanian bankers have stated that they see the intervention and closing of banks as veiled measures intended to twist President Endara's arm. They added that the approval of the aforementioned treaties would cause a complete flight of funds, which just a few weeks ago began to show signs of recovery in the Panamanian financial system. [passage omitted]

The bankers estimate that over $40 billion left Panamanian banks during the last two years (87-89). Very few investors are eager to continue depositing money in Panama as they once did because of the prevailing

uncertainty, the closing of banks, and the possibility that the Mutual Legal Assistance Treaty will finally be signed by Panama.

U.S. Said Pressuring for Signing of Treaty

PA0211021790 Panama City LA ESTRELLA DE PANAMA in Spanish 1 Nov 90 pp 1, A-10

[Report by James Aparicio]

[Text] Amid total "secrecy," negotiations began on 31 October concerning the controversial Mutual Legal Assistance Treaty (TALM) that would permit the United States to investigate all financial transactions carried out in Panama suspected of being connected to money laundering or tax evasion.

The meetings are being held behind closed doors on the fourth floor of the Bank of America building on 50th Street with the participation of Michael Kozak, U.S. principal deputy secretary of state for Inter-American Affairs, and a delegation of eight assistants, including John Maisto, former official of the U.S. Embassy during the regime of General Manuel Antonio Noriega.

A high-ranking government source has said that there is "tension" between Panama and the United States over the signing of an 18-point document presented by the United States, a document that Panama opposes.

The Panamanian delegation consists of Deputy Foreign Minister Jose Mulino, National Bank Manager Luis H. Moreno, Attorney General Rogelio Cruz, Adviser Julio Berrios (secretary of the commission), and lawyers Ricardo Durling and Carlos Arosemena.

"If I had to describe relations at this time, I would say that they are in bad shape," said a source consulted by LA ESTRELLA DE PANAMA, adding that the Americans "are exerting very heavy pressure" with "warnings" of an economic nature.

Twenty percent of an approximately $480 million U.S. grant to Panama is conditioned to the signing of the TALM and another agreement that would permit U.S. Coast Guard vessels to patrol national waters, presumably to prevent drug shipments.

Such patrols, however, would involve permitting the U.S. Coast Guard to board vessels and even sink them if considered necessary.

Panama has proposed that U.S. training ships patrol the Panamanian coasts until members of the maritime police learn the methods that are used and until Panama acquires support vessels.

In diplomatic circles, it was learned that U.S. "pressure," which was not elaborated, began in mid-August when Ambassador Deane Hinton demanded that the Panamanian authorities not call for indemnification for the victims of the 20 December 1989 military intervention, that they not support requests for financial indemnification, and that they not consider the military action "an intervention."

The relations between the two countries "changed" after President Guillermo Endara's 1 September speech to the Legislative Assembly in which he asked for U.S. economic compensation, after a formal request from Foreign Minister Julio Linares and the government's main advisers.

As originally presented, the TALM has been rejected by the Panamanian Association of Business Executives (Apede), the National Banking Association (ABN), and the National Bar Association (CNA) because they feel that it "violates juridical sovereignty" and permits "indiscriminate access" to financial information in the country.

In the area of assistance, the treaty establishes that the investigations will refer to "the receipt [recepcion] of declarations of any kind, the supply of records (including information on monetary transactions), the supply of any other element of evidence, the fulfillment of requests for searches and the securing of evidence, assistance in related proceedings and any other assistance not prohibited by the internal laws of the party of which the request was made."

According to the treaty, the "assistance" will be provided when "the action that is the object of the investigation, prosecution, or related proceeding of the party making the request (the United States) constitutes a crime or misdemeanor according to the laws of the party making the request...or regarding a misdemeanor, when it is related to a crime for which assistance has been requested."

A central authority formed by the attorneys general of both countries will be established to "reject" or accept the requests for investigations.

Concerning expenses, it is established that the party to which the request is made will pay "all expenses related to fulfillment of the request, except for experts' fees, and translation, transcription, and travel expenses."

The Panamanian counterproposal eliminates "information" on monetary transactions and establishes that information and assistance will only be provided "regarding a misdemeanor when it is related to a crime for which assistance has been requested" and which constitutes a crime in both countries.

The original TALM establishes that assistance will be provided if the action is considered a crime in the United States.

The source said that Foreign Minister Linares has stated that he might resign if the United States imposes the original text of the treaty, which, according to consulted bankers, "would destroy the banking center" by violating confidentiality.

Ambassador Hinton, who is participating in the talks, told the local press yesterday that he is occasionally going to "participate, help, and complicate" the negotiations because "perhaps by complicating them I might help Panama."

Deputy Foreign Minister Mulino described the climate of the talks as "positive, respectful," and clarifying concepts, but he admitted that the negotiations are "difficult."

Government Asks for C.A. 'Economic Unification'

PA0111231690 Panama City ACAN in Spanish 1649 GMT 31 Oct 90

[Text] Guatemala City, 31 Oct (ACAN-EFE)—Panama has become the sixth state of Central America and has officially requested that the UN approve its economic unification with Central America. The announcement was made today in Guatemala City by Bolivar Pariente, Panamanian deputy minister of planning and economic policy.

The official met on 30 October with representatives of the Guatemalan Chamber of Commerce and notified them that Panama is now part of the Central American Economic Program (PEC) and the Economic Action Plan for Central America (PAECA).

Pariente said that the government of Panama has formally requested that the United Nations include on the agenda of the assembly to be held in New York discussion and approval of his country's economic integration into the region.

"Once again, six countries comprise Central America," the official pointed out, stressing that two weeks ago, the vice presidents of Central America met in Panama and approved Panama's formal entry "in all aspects."

He added that before this, Panama had only bilateral relations with the five countries of the region.

Pariente emphasized that as a result of its integration into Central America, his country will receive the benefits of regional economic assistance granted by Europe, the United States, and Asia.

100 Chinese Fast at U.S. Embassy, Seek Asylum

PA0111163290 Panama City EL PANAMA AMERICA in Spanish 31 Oct 90 p 28B

[Report by Carlos Vargas]

[Text] At noon on 30 October, approximately 100 citizens of the PRC began a fast in front of the U.S. Embassy in Panama to protest and request political asylum from U.S. authorities. They are expected to fast for 48 hours.

A spokesman for the Chinese said that the fast could last until noon on 1 November, depending upon the answers given by the U.S. authorities to their requests.

The Chinese, in a letter sent to the head of the U.S. Embassy's Political Section, requested political asylum in the United States because so far the Panamanian Government has not recognized their legal status in Panama.

They added in their letter that they would prefer to die rather than return to the PRC because human rights are not respected there.

In addition, the Chinese added that they lost their businesses and small grocery stores during the looting that followed 20 December.

They explained in their letter that they had invested large sums of money to obtain their visas.

Costa Rica To Prohibit Helicopter Gunship

PA0111234890 Panama City Circuito RPC Television in Spanish 1730 GMT 1 Nov 90

[Text] Costa Rican Security Minister Victor Emilio Herrera announced today that Panama will use helicopter gunships in the search for groups of alleged guerrillas operating near the Costa Rican border. Mr. Herrera said that he has received a message from the Panamanian Government stating the steps that Panama will take to determine whether or not guerrilla camps of insurgents opposed to the government of Panamanian President Guillermo Endara Galimany truly exist. Herrera warned that Costa Rica will not, under any circumstances, allow Panamanian helicopter gunships to enter Costa Rican territory.

Ford Would Have 'Destabilizing' Groups Punished

PA0211035990 Panama City Circuito RPC Television in Spanish 1730 GMT 31 Oct 90

[Text] Guillermo Ford, second vice president of the Republic and minister of Planning, said today that those people or groups who are thinking of destabilizing the country should be punished to the full extent of the law.

[Begin recording] [Ford] I am back after being abroad for five weeks. I have found a confused and agitated situation, which can in no way be justified. I believe that the government must adopt a very strong position. It must define its guidelines. It must prevent these plots and conspiracies which only lead to chaos and disorder. I believe that the government should use a strong hand against those who try to destabilize the state.

I believe that democracy is a great system, and that Panamanians, once and for all, should realize that the past has taught us many lessons on disruption of public order, persecution, tears, and misery. I do not believe we can correct this with kid gloves. We must appeal to citizens' consciences. What do we want? To return to chaos or to present to the country a future full of optimism, of job opportunities, and of sustained economic development.

There must be a definition, and those groups who want to disrupt public order must be fully dealt with according to our democratic laws. They should be allowed a fair defense, but if found guilty, punished to the full extent of the law.

[Reporter] Political analysts are saying that the government is paying more attention to these problems and neglecting the country's socioeconomic problems.

[Ford] I disagree with that; however, I respect other people's opinions. I have not heard that before. There has been a delay in using the $60 million allotments approved by the Cabinet Council and the Legislative Assembly Budget Commission. We have been talking about money and more money, but people do not see any of this money in the streets. I sent a very respectful letter to the ministers and directors of autonomous institutions today, urging them to put that money to good use. We cannot continue to make promises. The funds are deposited in the National Bank. The Executive Branch and the Legislative Assembly have approved the projects. We only have to implement them. We must generate jobs rapidly. We already have the Special Social Fund ready to operate. The fund's director has told me that within the next 15 days they will start the first projects. The government's main concern is and will be lowering the rate of unemployment in Panama.

[Reporter] Do you think the country's present situation could affect foreign investments here?

[Ford] Of course. Any disruption of public order in any country is not good for attracting foreign investment. I do not believe, however, that the disruption is as serious as it looks. We cannot fool ourselves. There are problems. We are on tenterhooks: Today someone escapes, the next day someone else is arrested, and all of a sudden a conspiracy surfaces. I have said, and I maintain that democracy cannot be administered by lies, nor with theatrical gestures. In a democracy, things must be out in the open. If so and so escapes, we must find out how he managed to escape, and after a fair trial with all the processes allowed by law, we should put him in jail. If he should not be put in jail, then let him be set free. We cannot, however, allow this constant disruption of public order. There are hidden interests here, for various reasons. I believe that the government should enact strong actions to bring investments, solve the economic problem, create jobs, and give a good and worthy existence to all Panamanians, who for 21 years struggled for democracy. We cannot continue with makeshift programs. We need concrete action. [end recording]

Argentina

Minister on Possible 'Intervention' in Jujuy

PY0211024090 Buenos Aires Argentina Televisora Color Network in Spanish 2200 GMT 1 Nov 90

[Excerpts] Interior Minister Julio Mera Figueroa commented this morning on the situation in Jujuy and Chubut Provinces. Here is what he said:

[Begin recording] [Mera Figueroa] I would not say that the province is without government. The governor has resigned, but the legislature could not establish the necessary quorum to discuss it. Ricardo de Aparici is still the provincial governor. He has the constitutional responsibility and, until the legislature can discuss it and accept or reject his resignation, the situation is in accordance with the Constitution. [passage omitted]

[Reporter] Will the government send federal troops if the situation deteriorates?

[Mera Figueroa] The confrontation yesterday between two antagonistic groups was controlled by the provincial police quite quickly. People were bruised; approximately 17 people were injured, slightly injured, and no one was seriously wounded. The situation has returned to normal. Therefore, I do not think provincial authorities will request the intervention of federal troops. Judging by the reports we have received, we are not anticipating that they will be necessary. [passage omitted]

But tonight we received reports of more violence in Jujuy.

The incident began at Jujuy's provincial legislature at approximately 1800. A group of people, mainly women, were staging a hunger strike in front of the building. Meanwhile, sympathizers of resigning Governor Ricardo de Aparici were meeting near the stairs leading to the Stone House [provincial legislature building] to pressure provincial deputies to reject Aparici's resignation. The group was also saying that the vice governor should resign if the legislators accepted De Aparici's resignation.

At 1815 these two groups clashed. People carrying sticks, chains, and other sharp implements became involved in a big melee. There were shots and tear gas. The tear gas was thrown inside the building to separate the two groups. Twenty-two people were treated for light wounds and returned to their homes. Four people were treated for bullet wounds. [passage omitted]

[Buenos Aires TELAM in Spanish at 0029 on 2 November in a related report notes that "Interior Minister Julio Mera Figueroa tonight warned that the national government 'is studying federal intervention' in Jujuy if 'the institutions do not—I repeat, do not—operate normally tomorrow and the dispositions of the provincial Constitution are not—I repeat, are not—strictly observed.'"]

Chubut Legislature Accepts Governor's Resignation

PY0111180890 Buenos Aires Domestic Service in Spanish 1500 GMT 1 Nov 90

[Excerpt] The Chubut legislative assembly has accepted the resignation of Governor Nestor Perl by a 14-13 vote. It also decided to press charges of mismanagement charges against him. [passage omitted]

Menem Urges Seineldin To Participate in Politics

PY0111140890 Buenos Aires DYN in Spanish 1154 GMT 31 Oct 90

[Text] Buenos Aires, 31 Oct (DYN)—President Carlos Menem has urged rebel Colonel Mohamed Ali Seineldin to get involved in politics and has indicated that Seineldin could receive a "permanent" punishment.

Without saying whether the possible sanctions against Seineldin involved discharge or removal, Menem noted: "We will have to see the conclusions of the inquest before applying a permanent sanction."

Seineldin is currently serving a 60-day sentence in La Pampa for sending a letter to the president to warn him about future Army "demands."

In a recorded interview broadcast last night during the "New Time" program hosted by Bernardo Neustadt, Menem said: "Men like Seineldin must understand that Argentina is not a banana republic." He added: "Like Bussi and Aldo Rico, Seineldin should engage in politics. If he does, he will have every guarantee."

Menem said inflation will not exceed seven percent in October.

He added that because wholesale price increases will not exceed 2.5 percent next month, inflation in November could be below one digit.

Aldo Rico Announces Candidacy for Governor

PY0111143290 Buenos Aires TELAM in Spanish 1943 GMT 30 Oct 90

[Text] Buenos Aires, 30 Oct (TELAM)—Former Lieutenant Colonel Aldo Rico announced today that he is running for governor of Buenos Aires Province on the Movement for Dignity and Independence (Modin) [Movimiento por la Dignidad y la Independencia] ticket.

On announcing his candidacy, Rico—who led two military uprisings against the previous government—said: "We propose a new nationalism that will protect us." He stated his opposition to current economic policy and the decision to send troops to the Persian Gulf.

Rico made the announcement at noon today during a news conference that was attended by about 50 invitees in an old house at 900 Maipu Street in this capital.

The audience interrupted Rico's speech on nine occasions to applaud him. It was hard for reporters to do their job because the room was small and there were many people there.

Rico stated that he and his supporters are "pursuing nonnegotiable objectives." He added: "We reject the neoliberal, deregulating policy which, through its alleged objective of bringing about a much-delayed readjustment and its false doctrine that ideologies are outdated, is undermining education and making us increasingly more dependent."

Attending the news conference were former officers Enrique Venturino and Ernesto Barreiro (who backed Rico in the Holy Week and Monte Caseros uprisings) and Modin leaders Augusto Padilla, Anibal Viale, Guillermo Fernandez, and Roberto Etchenique.

Ecuador's Borja Arrives for Four-Day Visit

PY0211014490 Buenos Aires Argentina Televisora Color Network in Spanish 2200 GMT 1 Nov 90

[Excerpts] Ecuadoran President Rodrigo Borja arrived in Argentina today, and President Carlos Menem welcomed him at Jorge Newbery Airport. Borja's plane landed at the military sector of the metropolitan airport at 1810 today as the Ecuadoran president began his four-day visit to Argentina. [passage omitted]

[Begin recording] [Borja] I am carrying very warm greetings from the Ecuadoran Government and people to the Argentine Government and people.

[Reporter] Mr. President, we understand that one of the topics on your agenda is trade with Argentina, because the balance of trade is now negative for Ecuador.

[Borja] Yes, we will discuss trade in general. We are having problems with northern countries because of their protectionist policies. I think we have to make every possible effort to strengthen trade between southern countries. [end recording] [passage omitted]

Romero Says Military Salary Problem Solved

PY0211025490 Buenos Aires TELAM in Spanish 2200 GMT 1 Nov 90

[Excerpt] Buenos Aires, 1 Nov (TELAM)—It has been officially reported that Defense Minister Humberto Romero today confirmed that "a solution to the military sector salary problem has been found" during a meeting he held with the Armed Forces commanders and chiefs.

The Defense Ministry pointed out that military men who are still in service will receive a remunerative increase, not a bonus, of 12 percent over September salaries. The increase will consist of an extra payment to be made around 10 November. [passage omitted]

New Oil Well Begins Operations in Formosa

PY0211020490 Buenos Aires TELAM in Spanish 1423 GMT 1 Nov 90

[Summary] Formosa, 1 Nov (TELAM)—The local Hydrocarbons Secretariat has reported that a new oil well with an initial production of 170 cubic meters per day has began operations in the Palmar Largo oil field in western Formosa.

Hydrocarbons Secretary Carlos Viggiano said that "the record production of 1,800 cubic meters per day was reached on 30 October 1990 for the first time in the history of oil exploitation in Palmar Largo."

Bolivia

Paz Zamora Denies 'Cooling' of U.S. Relations

PY0211005890 La Paz EL DIARIO in Spanish 26 Oct 90 p 1

[Excerpt] President Jaime Paz Zamora has reasserted that relations between Bolivia and the United States have achieved a high degree of usefulness, understanding, and achievement.

Paz Zamora thus denied rumors of an alleged "cooling" of relations between the two countries based on the fact that Bolivia had failed to comply with a series of commitments, especially in terms of the militarization of the antidrug struggle.

Paz Zamora said: "In discussing issues, we sometimes express different viewpoints. A cooling?... Not at all... I would not say that, at least not in those terms."

The president noted that bilateral relations are excellent, and even offered to show some documents signed by U.S. President George Bush and reports from the Bolivian ambassador to the United States to prove this fact.

Paz Zamora said: "Today more than ever our bilateral relations have achieved a high degree of usefulness, understanding, and achievement. Proof of this is the fact that I have met with the U.S. President three times in less than a year. This is the first time that this has occurred in relations between Bolivia and the United States. The joint implementation of programs—including the growing of 25,000 hectares of wheat this year for the first time in Bolivian history, the antidrug struggle, and various other programs within this complex cooperation—is evidence of our bilateral relations."

He said that any restated proposal should not be described as a "cooling" of relations and added that it should be remembered that Bolivia and the United States "are friendly, brotherly, and allied countries." He made it clear, however, that they are North Americans and we are Bolivians.

Paz Zamora said U.S. economic cooperation is essential for Bolivia and that, based on existing data, it can be said that

the United States has so far disbursed 85 to 87 percent of the funds to fulfill its cooperation commitments.

He said there are two elements to be considered, especially the inherent characteristics of each nation. He admitted that the United States has showed "goodwill" in implementing the cooperation program.

Paz Zamora took the opportunity to report that the U.S. Congress has stressed the alternative development program and the "coca for development" theory within the concept of the antidrug struggle.

Paz Zamora denied that the United States had imposed conditions on the economic aid. "That is an old song," he said. Paz Zamora added that U.S. aid has had the same characteristic for at least 30 years: "The United States is trying to meet its domestic objectives through international cooperation in the same way that Bolivians seek their own national objectives when they receive this aid, which is accepted only under certain conditions." Therefore, he said, economic aid cannot be subject to any condition. [passage omitted]

Alternative Development Program To Be Promoted

PY3110225190 Madrid EFE in Spanish 0237 GMT 31 Oct 90

[Text] Washington, 30 Oct (EFE)—Jorge Crespo, the Bolivian envoy in Washington, today told EFE that Bolivia will begin a diplomatic offensive aimed at promoting international cooperation for the alternative development program that seeks to reduce the coca crops.

Crespo said that the campaign will begin at a meeting of the World Bank Consultative Group on 6 November. Several regional financial and cooperation organizations and governments of industrial nations that support Bolivia will attend this meeting.

For the first time since the Cartagena summit that was held in February, with the participation of Bolivia, Colombia, Peru, and the United States, has the Bolivian Government decided to promote the implementation of its alternative development proposal.

The Bolivian initiative is an alternative to the armed struggle and the compulsory eradication of coca crops in the Andean zone, which could cause internal confrontations in the countries of the region, the source said.

Bolivia and Peru are the main producers of coca leaf, the raw material for cocaine.

Bolivian Foreign Minister Carlos Iturralde and a group of experts will explain in Europe the objectives of the alternative development program which requires an investment of some $500 million to finance agricultural and industrial projects.

Iturralde will visit Paris, Madrid, and Brussels to report on those programs that seek to offer coca producers a safe market for the alternative products and stability for the prices.

The meeting will be attended by IMF delegations, cooperation and financial organizations of the Andean Group and of the River Plate Basin, and representatives of the UN development institutions, oil-producing countries, and of the European Investment Bank.

The EEC, the United States, Japan, Saudi Arabia, Argentina, Brazil, Korea [not further identified], Canada, and China [not further identified] have also been invited to attend the meeting.

Minister: Forces Will Not Enter Coca Areas

PY0111152890 La Paz EL DIARIO in Spanish 25 Oct 90 p 1

[Text] National Defense Minister Hector Ormachea has said that the nation's Armed Forces will not enter coca production areas under any circumstances, and they will not take action against producers settled in those regions.

Hector Ormachea reported that the military institutions, especially his ministry, which is a member of the National Council for the Struggle Against Drug Trafficking [Consejo Nacional de Lucha Contra el Narcotrafico], are fully informed about events in the struggle against drug trafficking.

The dignitary of state emphasized that the Armed Forces will not take action against coca producers and that the government has a well-defined policy in this respect.

Ormachea emphasized: "Under no circumstances will the Armed Forces take action against the peasants and coca producers. I have said this a thousand times, and I repeat it now. I also repeat that under no circumstances will we permit the use of chemical products, defoliants, etcetera. Finally, the entry of foreign troops will not be permitted either."

The minister emphasized that Army troops will not enter coca production regions.

As for the approval of economic support so the Armed Forces can participate in the struggle against drug trafficking, the dignitary of state said that the shipment of materials and equipment by the United States takes time.

Ormachea said: "Some shipments are more difficult and complicated. For example, the equipment for the engineer battalion is heavy equipment, which is very complicated to purchase. I believe that equipment will take quite a few months yet, at least until the end of the year."

The minister refused to comment on the country's social and political situation, leaving this issue to the interior minister.

Unidentified Group Threatens French Organization

PY3110213490 Madrid EFE in Spanish 2323 GMT 30 Oct 90

[Text] La Paz, 30 Oct (EFE)—Members of a private French organization providing aid to Bolivian peasants have received death threats from an anonymous organization, sources from the French group said today.

Thierry Lemaire, director of the Bolivian office of the International Cooperation Center for Agricultural Development (CICDA) [Centro Internacional de Cooperacion para el Desarrollo Agricola], told EFE: "It is not clear who it is. There are no signatures, so we do not know who is threatening us."

Lemaire said the first threat was received on 17 October when an unidentified individual phoned his office and warned him that he had 15 days to leave Bolivia or he would be murdered.

Later calls made death threats against members in charge of coordinating CICDA projects in Latin America and a French volunteer working in Bolivia whose name was not disclosed. Lemaire said the group, which has never identified itself, also phoned his house and the house of the French volunteer to extend the threat to their families.

He added: "Members of the group entered my house on 19 October without leaving any marks on the door or windows. They left a clear sign that they entered the house, however, by sticking a knife into a pillow." The unidentified individuals also entered the house of another Frenchman, leaving illegible writing on the wall.

In one of the phone calls, the anonymous group referred to the murder of two Frenchmen and a Peruvian expert from the same organization by members of the Peruvian Shining Path terrorist group in December 1988.

Lemaire suspects that some of the volunteers' telephones are tapped because the group was able to refer to information from private conversations of CICDA members. Lemaire said: "My wife told a friend that we are more or less at ease as long as our children were not threatened. A call was immediately made to my house and an unidentified individual asked: How are the children?"

CICDA, which has been operating in Bolivia for 10 years with 20 people, four of them foreigners, was created in 1977 and is headquartered in Paris. CICDA operates in Peru, Bolivia, Ecuador, Nicaragua, and Brazil, advising peasant organizations on technical and economic matters to improve the standard of living of peasants with little resources.

Brazil

Arrival of U.S. Nuclear Submarine Protested

PY0211211490 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 1 Nov 90

[Text] In Recife, environmentalists have protested the presence of a U.S. nuclear submarine in Brazilian waters. Four U.S. ships have been at sea since June 1990 with the mission of participating in war games with the navies of South American countries in the 31st Unitas operation, a series which began in 1959.

The four U.S. ships and the Brazilian fleet arrived at the port of Recife yesterday afternoon. Because of security regulations imposed by port authorities, the nuclear submarine anchored two kilometers off the port of Recife. The submarine is underwater most of the time.

The commander of the 31st Unitas operation has said that the nuclear submarine does not represent any danger to the population, and its arrival in Brazil was authorized by the federal government.

Aspan —the Pernambuco Association for the Preservation of Nature [Associacao Pernambucana para a defesa de natureza]—has filed a lawsuit requesting that the submarine withdraw from Brazilian territorial waters. A Second Court judge turned down the request, and the demonstrators decided to protest by circulating leaflets. The protest took place in downtown Recife and areas near the port.

[Begin Aspan President Adelia Cruz recording] We are trying to implement the procedures established by the national nuclear energy council to identify the areas around the submarine, such as the area in which the submarine is moored, controlled areas, and areas with low and high population density. The people who live in those areas should be trained in what to do should a nuclear accident occur. [end recording]

Details of Uranium Shipment From PRC Described

PY0111164890 Sao Paulo VEJA in Portuguese 31 Oct 90 p 2

[Text] Brazil has been developing its parallel nuclear program since the 1970's. Revelations about this program have been going on for some time. For instance, everyone knows that behind the scientific objective of mastering nuclear technology, there was a secret plan to build atomic bombs. It is also public knowledge that the borehole at Serra do Cachimbo, Para State, which President Fernando Collor ordered closed last month, was for nuclear tests. Everyone also knows that the Brazilian Government was investing much more in the parallel program than in its cooperation agreement with the FRG, for which only meager resources were earmarked. The great mystery has always been when, how much, how, and who supplied Brazil with the enriched uranium it needed for its research.

These questions were answered last Friday [26 October] at a top secret hearing held by the Chamber of Deputies CPI [Congressional Investigative Committee], which is investigating the parallel nuclear program. Testifying at the hearing were General Danilo Venturini, National Security Council secretary during Figueiredo's government, and Rex Nazare, former chairman of the National Commission for Nuclear Energy. Venturini and Nazare only made these revelations after demanding that the hearing be held behind closed doors and only for the committee members, who promised to keep the revelations secret. Two days after the hearing, two of the seven committee members revealed to VEJA that China supplied enriched uranium to Brazil early in the 1980's.

The CPI learned that the enriched uranium arrived on the same day, in three shipments totaling 200 kg. General Venturini said the uranium had different degrees of enrichment: three, seven, and 20 percent. He made it clear that only senior officials of the military ministries were aware of this operation. To comply with a clause in the contract signed with China, the shipment had to be kept a complete secret. A deputy who attended the hearing said: "We were not told what our country had to give in exchange for the mineral."

The Chinese uranium was the starting point for the parallel program, and for this precise reason, this operation was treated as top secret. With this uranium, Brazil began to research the entire enrichment process—first, in the laboratories of the Institute for Nuclear and Energy Research at the University of Sao Paulo and later, at the Aramar Center, in Ipero, Sao Paulo State. Today, Venturini said, Brazilian researchers are capable of enriching uranium to 20 percent. He said: "We sought alternative sources of uranium because of the nonproliferation treaty, which banned access to nuclear technology by developing countries." He added: "On the one hand, there were countries that could do anything in the nuclear area, and on the other, countries that could do nothing at all."

The parallel program has become a notorious example of the squandering of public funds, and a prime example of this type of irresponsible action is the construction of the Cachimbo borehole, which was begun in 1980 and cost $1 million. It was suddenly discovered that there was an aquifer at the bottom of the hole. Venturini said the hole could not be used for nuclear tests because it could have spread radioactivity to large portions of the Amazon jungle. It could not even be used as a nuclear waste dump. A major revelation that was made during the hearing was the fact that the highest percentage of enrichment for the uranium sent by the Chinese was only 20 percent, a level that is much lower than that required for a bomb—that is, more than 80 percent.

Project To Build First Jet Aircraft Delayed

PY0111220390 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Oct 90 p 16

[Report by Flavio Neri]

[Excerpt] Sao Jose dos Campos—The Brazilian Aeronautics Enterprise (Embraer) has postponed the completion of the EMB-45 project to build its first jet aircraft that will carry 45 passengers. The postponement, which will prevent Embraer from joining the select club of manufacturers like Boeing and MacDonnell Douglas, is because the original blueprint for the twin-engined jet had to be modified to correct errors. The program will be delayed by at least one year.

Losses will amount to about $20 million. The postponement was officially announced by Ozilio Silva, director-manager of Embraer.

The first indications of error in the project were noticed in November last year during tests by a CAD/CAM (Computer Assisted Development/Computer Assisted Manufacture) system. Despite these indications, the developers went ahead with the construction of a small prototype that was sent to the United States in April to be tested in the Boeing laboratories. There, in the wind tunnel, the errors in the project were confirmed, making its complete redesign necessary. [passage omitted]

Bank Withdraws Cruzado Notes From Circulation

PY0111131490 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 1 Nov 90

[Text] As of today, 500-cruzado notes, which are equivalent to 50 centavos, and 1,000-cruzado notes, which are equivalent to one cruzeiro, are to be withdrawn from circulation. The Central Bank has canceled the purchasing power of these notes, and they can no longer be used for purchases.

Anyone possessing these notes will not incur losses because they can be exchanged for coins of equivalent value or deposited at any bank up to 31 March 1991.

Upon expiration of this deadline, the notes can be exchanged at the Central Bank until 30 June 1991. After that date, the notes will no longer be exchanged and will only have numismatic value.

The old 5,000-cruzado and 10,000-cruzado notes will be withdrawn from circulation early next year. They are equivalent to five and 10 cruzeiros, respectively.

The Central Bank is clearing the stock of currency, withdrawing all old notes to simplify the life of Brazilians.

Today the circulating currency includes cruzado plan notes that were later rubber-stamped as new cruzados, but which now have cruzeiro denomination, old summer plan notes with new cruzado denomination, and the brand-new cruzeiro notes. All of the notes are a different size.

Naples Mafia Boss, Israeli Criminal Escape

PY0211021590 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 1 Nov 90

[Text] A Naples mafia boss has escaped from prison. Humberto Amaturo was being held at the Federal Police

building in Brasilia, but he mysteriously escaped early this morning. Police cannot explain how it happened.

Italian citizen Humberto Amaturo was in his cell during the filming for "The Fantastic Program" last week. He is considered to be one of the main bosses of the camorra, the Naples mafia, and has been accused of several crimes, including kidnapping, murder, and drug and arms trafficking. Amaturo spent 27 of his 49 years in jail, but two years ago he escaped from Italy and traveled to Peru and then Brazil.

The Minas Gerais Federal Police arrested Amaturo when he tried to obtain a false passport last August. Amaturo was waiting to be extradited to Italy in response to an Italian police request when he escaped. The Federal Police have not explained how Amaturo was able to escape from his cell in a building that is guarded day and night. The prison has always been considered escape-proof.

The Federal Police Superintendency did not allow our crews to film inside the building, but they did report that Amaturo did not escape alone. Israeli citizen (Geo Vitamany), another international criminal who was also awaiting extradition, escaped with Amaturo. The cells were not forced, and the Federal Police have begun an investigation to find out if a police guard or any person on the premises helped them escape.

The Federal Police have just reported that they are following some leads on the fugitives. All ports, airports, and border posts have been alerted to prevent their escape from the country.

Chile

Air Force Commander Views Kennedy Amendment

PY0111215590 Santiago LA TERCERA DE LA HORA in Spanish 26 Oct 90 p 7

[Excerpts] Fernando Matthei, the Chilean Air Force [FACh] commander in chief, has said that the Kennedy Amendment has not been lifted regarding the FACh but that facilities [not further specified] have been granted for the maintainance of its airplanes, thus guaranteeing maximum flight security.

Matthei announced this after visiting President Patricio Aylwin. Matthei was accompanied by Sir Peter Harding, the commander in chief of the British Royal Air Force. [passage omitted]

Answering questions on the probable lifting of the Kennedy Amendment with regard to the FACh, Matthei said: "It would be a very important step that would improve the serviceability of our war materiel. With the exception of the British-made [Hawker] Hunter airplanes, all our airplanes will benefit."

Matthei said that lifting the amendment would not cause a change in the Air Force budget, "but it would allow us to obtain spares that are vital to the flight safety of our airplanes."

Asked if he had negotiated the lifting of the amendment as a priority from the FACh, Matthei said: "No. I can only say that I have conducted consistent and very friendly negotiations with the U.S. Air Force. I have traveled to the United States every year, and I have exchanged information. I have explained the problems that would affect our good institutional relations in the event of a fatal accident involving any of our airplanes, should that accident be caused by lack of materials or a mechanical failure. I am the Air Force commander in chief, and it is my duty to present facts and to work hard because the pilots' lives are my responsibility and my duty."

Matthei admitted that "the U.S. Air Force has consistently told the U.S. congressmen of the problems involved in maintaining the amendment, not only for Chile but also for the good relations between the United States and Chile. Fortunately we have not had any fatal accidents, but we cannot always rely on fortune. I know that the chiefs of staff of the U.S. Air Force have consistently raised the problem. Recently, they achieved two very important points: They solved our ejector seat problem and the problem with the order of techniques [orden de las tecnicas], both of which are of vital importance to flight security."

The FACh commander in chief concluded by stating: "I understand that a proposal has been made to further lift the restriction. The Kennedy Amendment is not being lifted. Not even for the FACh. It has just been granted some additional facilities." [passage omitted]

Public Servants To Receive Salary Increase

PY0111214890 Santiago Domestic Service in Spanish 1000 GMT 31 Oct 90

[Summary] Representatives of the government, the United Labor Federation, and the National Association of Government Employees signed an agreement last night authorizing a 25-percent increase in the net salaries of public servants as of 1 December. The agreement also includes an 8,000-peso Christmas bonus for public servants earning a net salary of less than 75,000 Chilean pesos per month and a 4,000-peso bonus for employees earning a net salary of more than 75,000.

Raises To Come Out of Budget

PY0111215090 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 31 Oct 90

[Excerpt] Finance Minister Alejandro Foxley has stated that the government will reduce public expenditures to finance the 25-percent salary adjustment granted to public servants.

[Begin Foxley recording] Therefore, we wish to announce today that we are going to submit to Congress a proposal to reduce the 1991 budget by five percent. This reduction will not affect social or public works projects or any others designed to guarantee the peoples' safety. [passage omitted] [end recording]

Labor Unions Praise Decision

PY0111220090 Santiago Domestic Service in Spanish 2200 GMT 31 Oct 90

[Excerpts] Union leaders of every political inclination have termed the decision to grant a 25-percent salary increase to public employees as a positive effort by the government. They said the decision to grant a 50-percent (?severance payment), an 8,000-peso Christmas bonus to employees earning salaries less than 75,000 per month, and a 4,000-peso bonus to those earning salaries greater than 75,000 was remarkable. [passage omitted]

The oppositionist Central of Chilean Workers [Central de Trabajadores de Chile] said the salary adjustment was positive and represented a great social justice. They pointed out, however, that losses in purchasing power had surpassed 40 percent. Central Chairman (Pedro Viceno) charged the government with making agreements with the CUT [United Labor Federation] and leaving many other unions out of the benefits.

CUT Chairman Manuel Bustos said the agreement is favorable for public employees and urged the nation's private businessmen to grant a similar salary increase to workers not taking part in the collective bargaining. Bustos praised the government's effort and pointed out that this effort is a result of the new era in the country in which the voice of the workers is being heard.

PCCh Congress Views Change, CPPD Tactics

PY0111232290 Santiago Domestic Service in Spanish 1000 GMT 31 Oct 90

[Text] The Communist Party of Chile [PCCh] has stated that the Coalition of Parties for Democracy [CPPD] has a tendency to favor agreements with the rightist sector instead of a mobilization of the masses.

This statement was made by Gladys Marin, member of the PCCh Central Committee and Political Commission, upon reporting the agreements reached during the 13th PCCh Congress.

[Begin Marin recording] The CPPD has a tendency to favor agreements with the rightist sector instead of a mobilization of the masses, which can only help to strengthen the imposed model and increase the peoples' dissatisfaction. This could, in turn, undermine the support for democracy, which is a goal the rightist sector is striving to achieve.

At our 13th conference we came to the conclusion that the time for political change has come. The main problems that need to be solved in the transition process are to achieve a broader participation and mobilization of the masses. [end recording]

Socialist Party President, Vice President Named

PY0211020690 Santiago EL MERCURIO in Spanish 24 Oct 90 p 66

[Summary] The electoral court of the Chilean Socialist Party [PS] has proclaimed Jorge Arrate and Ricardo Nunez the new president and vice president of the party. PS Electoral Court President Pablo Lagos reported that the two leaders will be installed on 22 November.

Archi President Cited on Illegal Radio Stations

PY0111230890 Santiago Domestic Service in Spanish 1000 GMT 31 Oct 90

[Excerpt] Oscar Pizarro, president of the Association of Chilean Broadcasters [Archi], has reported that a total of 23 illegal radio stations are currently operating in Chile and that this group of so-called popular radio stations is coordinated by a Peruvian citizen. Pizarro made this statement after Archi representatives met with leaders of the National Renewal Party as part of the talks the association is holding with political parties to inform them of this problem. [passage omitted]

* Party Leaders React to Aylwin's UN Speech

91SM0017C Santiago EL MERCURIO in Spanish 29 Sep 90 p C-3

[Excerpts] The vice president of the republic, Enrique Krauss, said yesterday that President Aylwin's speech at the United Nations fills the government with pride because it illustrated the meaning of the good and just country to which he, his colleagues, and most Chileans are devoting their efforts without reservations.

Krauss indicated that reaction to the Chilean chief executive's address went beyond what has been traditional for such speeches, as almost all Latin American presidents and others from Europe, such as Prime Minister Kohl of Germany, congratulated him personally.

He also stated that the results ought to make all Chileans proud, inasmuch as with this speech at the United Nations "Chile has rejoined the international community."

Krauss was consulted at La Moneda about the president of the republic's speech before the General Assembly of the United Nations yesterday morning.

In this regard he indicated that "we feel that we should acknowledge the reception that President Patricio Aylwin's speech today (yesterday) at the United Nations got, both in our country and in the assembly, as well as in various nations around the world."

Krauss added that "the reaction to President Aylwin's speech unquestionably went beyond what was traditional for this type of speech. We are pleased as Chileans and as an administration."

"We think," he said, "that this display or outcome places an obligation on all Chileans and ought to fill us with pride, because Chile has thus rejoined the international community."

He also stated that "in his speech President Aylwin reflected a political position that in one essential sense is the same one that he has taken in our country: political democracy, economic development, and social justice."

He added that "the president's success on this entire trip, exemplified today (yesterday) at the UN, has shown that as chief of state of a nation like ours, which has such vitality and such a democratic tradition, he represents the determination to be reborn amid democracy, offering a modern, pragmatic option that does not shrink from problems. These problems are as contingent and immediate as the Persian Gulf, apartheid, drugs, economic threats, and the degradation of the environment."

The vice president stated that "in saying that Chile wants to regain international prestige, he has not avoided expressing criticism of the organization of the UN. He has stated that there are parallel activities whose results are not, as a consequence, satisfactory enough, and he has asked for and proposed greater powers for the Secretariat General of the United Nations so that it can take action in more specific activities."

"To us as an administration," Krauss emphasized, "his speech fills us with pride because it illustrates the meaning of the good and just country to which he, his colleagues, and, we think, most Chileans are devoting our efforts without reservations and with as much generosity as possible." [passage omitted]

National Renewal

The National Renewal party underscored the importance of President Patricio Aylwin's speech to the UN General Assembly, but it protested that he did not objectively mention all of the actors in the democratic process, nor did he emphasize the country's economic modernization.

The group stated that "Aylwin has in a thoughtful manner conveyed to the assembly his views on the Chilean political process. Yet he avoided mentioning objectively all of the actors who took part in our process of institutionalization."

It contended that Aylwin dealt appropriately with the main problems besetting the international community and clearly stated the country's position on them.

"We regret that he did not take the opportunity to emphasize Chile's process of economic modernization, which is one of the most positive points of support for the country's foreign policy.

"The expressions of interest that are coming from developing countries and from Eastern Europe about the Chilean process made this a suitable occasion for the chief of state to respond to these inquiries," the party noted.

In conclusion, the group emphasized that as it has said before, Chile could have made a contribution of great interest to most of the UN guidelines on human rights.

UDI [Independent Democratic Union]

The secretary general of the UDI, Joaquin Lavin, said that the chief executive's speech was "prudent and moderate" and lived up to the expectations that the occasion and his office warranted.

"We regard as especially positive everything that he said about the peaceful transition to democracy that has taken place in Chile, the criticisms of protectionism by the great powers, and the climate of political and economic stability and calm in Chile," he emphasized.

Nevertheless, he objected to "certain gaps" in the speech that in the judgment of the UDI had to be pointed out. "First, we regret that he indicated that the return to democracy in Chile is the work of the sector of Chileans that he heads. As all Chileans well know, it was characterized by a constitution, a constitutional procedure, and a timetable that was followed step by step and that all Chileans respected," he said.

He added that a second point was his reference to human rights, especially because he failed to mention even once in his speech the phenomenon of terrorism, because "this is one of the most serious social blights that Chile has faced in the past and is facing today," and as a result of it the Armed Forces have many martyrs.

Finally, he objected to the way in which Aylwin addressed economic issues. "He emphasized Chile's economic progress and the leadership that our country has in this field. This leadership and this progress is the result of the policy that the previous government pursued. What worries us is that this progress is at serious risk because the smug statements of Chilean authorities overseas contrast with a distressing economic situation at home that has been marked in recent weeks by lower growth, lower employment, and higher inflation," he concluded.

Christian Democracy

The president of the Christian Democratic Party, Andres Zaldivar, stated that President Patricio Aylwin's speech before the UN General Assembly clearly shows what his foreign policy is. Zaldivar described the policy as realistic and in keeping with a democratic country that has returned to its historic tradition in demanding unqualified respect for treaties and human rights.

He stated that Aylwin also underscored the need to preserve international coexistence and to bring Chile

into the world community. He added that the speech fit in with the administration's foreign policy.

Socialist Party

The undersecretary general of the Socialist Party, Marcelo Schilling, asserted that President Patricio Aylwin's speech at the United Nations "shows that Chile is acknowledged to be led by a major statesman who can express himself properly and skillfully at a forum like this."

Schilling emphasized that the chief executive "made a grand gesture of national reconciliation" by having himself accompanied on the UN dais by his military aide de camp, Carlos Montalvo, not his protocol chief.

As for the substance of the speech, the Socialist leader praised President Aylwin's steadfast defense of the developing world's rights vis-a-vis the moves by industrialized nations to bolster protectionist practices.

"The president also very appropriately showed that Chile was returning to its foreign-policy traditions by indicating that our country supports the intensification of the struggle against authoritarianism of every stripe and categorically condemns the use of force in international relations, referring directly to the invasion of Kuwait by Iraq," the Socialist Party spokesman underscored.

In conclusion, Schilling stated that the president's trip and his address at the UN "strongly restore our country's presence on the international scene from which it was absent for so long."

* Allamand Discounts Political Role for Pinochet

91SM0017E Santiago EL MERCURIO in Spanish 30 Sep 90 pp d-4, d-5

[Interview with National Renewal President Andres Allamand by correspondent Raquel Correa at the National Renewal headquarters; date not given; first three paragraphs are introduction]

[Text] A modern poster at National Renewal (RN) headquarters proclaims "A party for the 21st century." Sitting in the president's chair is Andres Allamand, a politician for the decades to come. With his computer on at all times and up-to-the-minute documentation at hand, he is the symbol of the new right, revamping traditional ideas and adopting new ones. Free of complexes, aggressive in fact, he readily accepts the past and plans for the future as if the world were going to end.

A full-time politician, he has been grief-stricken since his child suffered an accident. And the more grief, the more statements, the more study, the more controversies. Whenever he can (which is less and less often), he plays rugby or table soccer to release stress, and then there is his daily jog to clear his mind.

He is no longer as rigid as when he had just succeeded Jarpa, the omnipresent patriarch of Chilean politics. Once a week, religiously, they lock themselves up to talk, review strategies, and develop plans.

[Correa] Has Jarpa ever given you a dressing down?

[Allamand] Not yet.

[Correa] And have you ever given him one?

[Allamand] No I haven't (laughs).

[Correa] What if you had to one day?

[Allamand] I don't think that day will come, but "if I had to," I would speak with him in private and with great respect. [end of answer]

Some have misgivings about him. They find him "not rightist enough." As he himself acknowledges:

"The people I have the most trouble seeing eye to eye with are the ones on the authoritarian right: those who mistrust democracy and have no sensitivity on the issue of human rights."

He feels very comfortable with young people and "middle-class professional organizations: this country's backbone."

Allamand (an attorney, 34, married to Barbara Lyon, four children) does not regret not having run for Congress. Every Tuesday he meets in Valparaiso with his party's committee chairmen and is in constant contact (through faxes and over the cellular phone) with his congressmen and leaders.

In the Shadow

[Correa] What has happened to the old standard-bearers?

[Allamand] They are still very important. The opinions of Don Pedro (Ibanez) and Don Pancho (Bulnes) are well respected and sought after. Both are on the Political Commission, as is Jarpa.

[Correa] What post do you hold in the "shadow cabinet"?

[Allamand] None. As president of the party, I am concerned about promoting it. I think that this is a different way of organizing the opposition. One of the goals, aside from monitoring the current administration and offering alternative solutions, is to prepare people for the day that we are in government.

[Correa] You don't consider yourself a rightist, do you?

[Allamand] I think that I represent what is today called the center-right.

[Correa] What parties do you regard as partners?

[Allamand] The only other party in this sector that is officially established is the UDI [Independent Democratic Union]. In spite of our major or minor difficulties, it is our natural partner. [end of answer]

A partner with which RN has had the biggest of quarrels, as when they broke up National Union. As soon as he lets down his guard a bit, some scathing criticisms slip out, such as his recent description of Jaime Guzman as "captain of Pinochet's praetorian guard."

RN Versus UDI

[Correa] Guzman said that you "defend General Pinochet very little...."

[Allamand] We've made an effort to improve our relations with UDI qualitatively. We're working together in Congress and we think that we have to put the days of violent frictions behind us. Although I have no desire to argue, it strikes me how touchy they still are about any criticism. Yet they went so far as to say that our way of commemorating the 11th was "deplorable." They accuse us of being disloyal to the military government...To me this incident is behind us, and I think that we have to do everything possible to concur increasingly with UDI. [end of answer]

The argumentative Allamand reemerges, however, adding:

[Allamand] Guzman says that I don't defend General Pinochet and that Jarpa is taking up his defense very bravely and resolutely in the Senate. We thought that accusations and intrigues such as these belonged to a period in our relations with UDI that was behind us. I remember perfectly well that Guzman was opposed to Jarpa's presidential candidacy, arguing that he did not fully understand the spirit of modernization of the Military Government. And regarding Jarpa's historic address on Channel 13 on the night of 5 October, Guzman said that he had taken a acquiescent, unreliable approach and had let the followers of the military regime down. In any event, and put this in, please, I have no desire to argue with Jaime Guzman. We're working together, and I hope that I can get along well with him.

Critical Assessment

[Correa] Why were you the only opposition political leader who attended the Te Deum?

[Allamand] I went because they invited me. I don't know what reasons others had.

[Correa] Why didn't any of your party's legislators attend the Military Parade?

[Allamand] I really don't know. There seem to have been coordination problems. Many legislators were in their regions. The president of Christian Democracy, Andres Zaldivar, didn't go to the Te Deum either, or to the parade.

[Correa] What do you think of the cadet who insulted Minister Ricardo Lagos?

[Allamand] According to my information, the insult came from someone in the audience who was behind the cadet. Now then, if it's true that a cadet insulted him, drastic disciplinary sanctions are in order for him.

[Correa] By the way, do you share Senator Jarpa's view that Lagos should not be minister of education? He holds him responsible for the Lautaro youth gang.

[Allamand] He hasn't accused him...

[Correa] He said, and I quote: "Those who believed in Fidel Castro's prescription, who proposed it and propagated it cannot be in charge of culture and education in Chile."

[Allamand] I share Jarpa's underlying concern. He is talking about socialist-Marxist influence in education and culture.

[Correa] On what do you base your concern?

[Allamand] I would like to know exactly what 900 monitors who come directly under the Education Ministry and are financed with foreign funds are doing, and it is my understanding that the Chamber of Deputies will be looking into this. Second, I would like to know what policy the Education Ministry is going to pursue towards the current system of educational subsidies, as there seems to be a clear trend towards shrinking or blocking both municipal-level and private subsidized schooling. Third, we want to know what guidelines they ultimately intend to impose in our schools. Because in this stage of post-orthodox-socialism leftist penetration comes through education, not the economy. This is one of my criticisms of Patricio Aylwin, who has had the stature to serve as the first president of a democratic government after the authoritarian period. [end of answer]

Among Aylwin's positive points, Allamand points to his "prudence in handling civilian-military relations and his efforts at reconciliation." On the negative side he notes that the country has stopped growing. "He has handled the inertia well," he says, "but has not generated the momentum to return to the path of growth. He has also been too easy on terrorism and has lacked firmness in handling relations with the United States."

The "Pinochet" Faction

[Correa] How do you explain that the coordinator of the "parallel cabinet" is Francisco Javier Cuadra, who is not a member of National Renewal?

[Allamand] We don't make an issue of the fundamental point of his non membership. We feel that Cuadra is making a great contribution to the tasks that our Freedom Institute is performing and to this "alternative cabinet."

[Correa] Is he also important to Renewal as a representative of the Pinochet government?

[Allamand] The party does not need to go looking for representatives of General Pinochet's government. Jarpa himself was minister of the interior; some of our best

known leaders were ambassadors and government advisers; and a large number of our legislators were mayors, governors, and intendants.

[Correa] In other words, are you admitting that National Renewal was a pro-Pinochet party?

[Allamand] Many leaders of our party took an active part in the military government. One of the things that I have to do is to try and form broad-based teams, and I feel that I'm doing my job of helping center-right parties to grow when people like Francisco Javier Cuadra, on the one hand, and Sebastian Pinera, on the other, join our political work.

[Correa] Do you want to capitalize on Pinochet's 43 percent?

[Allamand] I honestly think that it is impossible to forecast election results.

[Correa] How much do you think he would get today?

[Allamand] If the plebiscite of two years ago were held again today? He would get much less.

[Correa] Why?

[Allamand] Among other reasons, because the exaggerated fear of the chaos that was supposed to come over the country if the no vote won has been dispelled.

[Correa] So chaos has not come. Has joy?

[Allamand] Ideally, countries shouldn't shuttle between chaos and joy.

[Correa] If your party says that it is loyal to the Armed Forces government, why didn't you celebrate with them this past 11 September?

[Allamand] We commemorate 11 September in the manner that we feel is most appropriate: we make public statements reaffirming our unwavering support for the meaning of 11 September. But we chose deliberately not to take part in acts that in one way or another identify 11 September with a given political sector. Thiw was because 11 September was a national movement that at the time represented a great majority of Chileans. We feel that tying it to or identifying it with a political party 17 years later belittles it.

[Correa] And who has done that?

[Allamand] Well, my impression is that the UDI tried to identify itself clearly with 11 September. We respect the way they did it, but we don't agree with it. I don't think that it's proper to create the impression for the younger generation that 11 September belongs to one party. This means that this shouldn't be done either by the UDI, which has two senators and 13 deputies, nor any other party. The military government always stated that it was not partisan, that it was above the parties.

I don't want to keep on arguing with UDI, but I'm not a die-hard supporter of Pinochet. I defend the Military Government's overall record. On principle I'm a staunch supporter of ideas, not men.

Arms and Politics

[Correa] Would you describe General Pinochet as a political figure of the future?

[Allamand] No. General Pinochet had a clear-cut constitutional choice: to serve as a senator for life and, therefore, to clearly enter into politics or to remain as commander in chief of the army, which means refraining from any involvement in politics....I really think that having a clear-cut separation here is part and parcel of a loyalty to democracy and of the proper workings of the democratic system. Men who choose the path of the military forgo politics, and those of us who choose the path of politics forgo the military.

[Correa] Moving from principles to practice, do you see Pinochet on the political or the military path?

[Allamand] I think that he has definitely chosen the military path, not the political path...He said "mission accomplished." What are they going to start saying now? That the mission is not fully accomplished? It is very disruptive to the democratic system for the man serving as commander in chief of the army to possibly be a political player in the future. My question is: What would the country have thought if in 1973 the left had begun arguing that General Prats was a presidential possibility in 1976?

[Correa] The secretary general of UDI, Joaquin Lavin, said that they are not ruling Pinochet out as a political figure. Are you ruling him out?

[Allamand] I'm ruling him out.

[Correa] What if he were to retire?

[Allamand] Then he would become a senator for life. I feel that if that is his ambition, he ought to retire right now.

[Correa] He said that he would retire "at the opportune moment..."

[Allamand] When the new government took office, a new stage began. In my view that was the time for President Pinochet to legitimately choose, and he chose a path other than politics, since this is an underlying issue. During this stage the Armed Forces must again become the patrimony of all Chileans. This is a fundamental element for reconciliation and unity in the country. And if those who hold high-level positions in the Armed Forces continue to be put forward as political figures, they are doing a disservice to the Armed Forces themselves, which again seem to be involved in politics.

Political Masochism

[Correa] If General Pinochet eventually retires and is nominated for president of the republic in 1993, would National Renewal support him?

[Allamand] I can't answer for National Renewal, but I personally don't think that General Pinochet is a valid option for the future.

[Correa] Because he would lose...

[Allamand] First, because I think that there's a certain element of political masochism in repeating scenarios that have already shown who the winners and the losers are. Moreover, it would be a return to a personality cult. Finally, to assume that the only person who could represent the center-right is General Pinochet would detract from the potential of its philosophy....From a political and electoral standpoint, and acknowledging all of the merits that General Piñochet may have had as a ruler, I don't feel that he is the card that we ought to play in 1993. Even more so because of his current status. I don't think that it's either logical or loyal for the commander in chief of a military institution to become a sort of presidential candidate in the making.

[Correa] But let's pretend that this is 1993, that you're still the president of RN, and that the party has to decide whether to support General Pinochet.. What would you do?

[Allamand] I don't see that possibility as politically viable. I think that we will have better options in 1993.

[Box, p d-4]

"We Hope To Agree With UDI on a Candidate for 1993"

[Correa] Are you betting on the Aylwin administration to fail in order for your own candidate to be successful in 1993?

[Allamand] I'm betting on a far from satisfactory result, not a failure. One of the factors that perverted our democracy in the past was the negative, obstructionist attitude that the opposition took towards the government. Because the failures of governments are the failures of countries and we want to show the country that we can do things better.

[Correa] Are you hoping that the Coalition will break up so that you can have a chance of winning?

[Allamand] No. But an arrangement whereby the Coalition has a single congressional slate but two candidates for president is perfectly imaginable. (On a piece of paper he draws one vote and puts: Zaldivar-Lagos and one of ours). They're admitting that they're going to do it that way, with a pact of reciprocal support.

[Correa] Who would win: Zaldivar or Lagos?

[Allamand] That remains to be seen. The last time they met, Zaldivar won.

[Correa] Ever since Buchi was defeated, you've been announcing that National Renewal will run a candidate from its own ranks in 1993. Why this domineering attitude?

[Allamand] We don't want to impose a candidate on anyone. It is enormously unjust to describe National Renewal as domineering. The country realizes very clearly that for the sake of unity at the past presidential election we declined to nominate Jarpa, who was a legitimate candidate. But we're the number two political force in the country. In spite of efforts by some of our competitors, we have the most members. We have 12 senators and more than 30 deputies. If a party this large doesn't have a legitimate right to want to see one of its men heading the center-right at a presidential election, then I wonder who does. The other thing we are worried about is not making the mistakes of improvisation, of inexperience that we did in the election of 1970, in the 1988 plebiscite, and in the last presidential race, in which it was shown inarguably that parties, not independents must run presidential campaigns.

[Correa] With the support of UDI?

[Allamand] We hope to agree with UDI on the choice of a candidate and on a congressional slate that represents the center-right.

[Correa] You've mentioned Carlos Caceres as a possibility...Are you hoping that he joins your party?

[Allamand] If we're saying that parties ought to organize campaigns and spend years doing the preliminary work so that they're successful, then I don't see how an "outsider" to these initiatives can head up such an undertaking. But when I mention the names of Caceres or Manuel Feliu, along with RN names—Jarpa, Sebastian Pinera, Romero—I'm saying that our party isn't closed to new members. The logical thing is for the individuals who have a chance in this regard to further it within the appropriate bodies, which are political parties. I've told both of them that they're major political players and that National Renewal's doors are open to them to join in this task....

* Valdes on Own Role, Government, Reforms

91SM0017A Santiago APSI in Spanish
26 Sep 90-9 Oct 90 pp 18-20

[Interview with Senate President Gabriel Valdes by Jorge Andres Richards; place and date not given; first paragraph is introduction]

[Text] Many people feel that ever since he took over as president of the Senate, his image has changed and he has put himself above good and evil. According to Gabriel Valdes, what have changed are the circumstances: "The transition is a complex process in which we must all do our share." Nonetheless, he responded to "all" of the questions that we put to him. In fact, leaving aside the role of referee that he has taken up as president

of the upper house, he even made time to criticize the six month transition. In any event, he indicates that "this government's biggest success is that it is part of a political combination that has united people who think differently and can carry forward a common task. This is a lesson for Chile and the world."

[Richards] To what is your change of image due? You used to be implacable with the military regime and Pinochet. Now you're showing yourself to be a man of consensus and have very good relations with the army....

[Valdes] I achieved what I was after when I was fighting for democracy. I was always very calm in my political life as a party activist or a minister of foreign relations. I sought agreements within the Democratic Alliance, the National Accord, being as consensus-oriented as possible, because that is my nature. But I rebel against high-handedness and I detest despotism. So I fought to achieve the sort of life in which we are all respected. Consequently, it's not that I've changed; circumstances have. I feel calmer in this atmosphere, where I see the military placing itself in its proper sphere little by little. And civilians are also being shown dignity and respect little by little.

[Richards] And did the change take place as soon as you became president of the Senate?

[Valdes] No, before. When I saw that we won with the no vote, my outlook began to change.

[Richards] You say that you've changed. Do you think that Pinochet and the army have changed too?

[Valdes] Not completely yet. I think that the army and the Armed Forces lived through long years of discontent under previous governments and that during the government that they ran, their approach was unquestionably one of political fundamentalism that distorted many people's idea of what Chile is and what we civilians are, including their idea of republican institutions like: Congress, the Judiciary, the municipalities, or the press. They tended to transfer the workings and philosophies that are characteristic of the Armed Forces to civilian society. So the point today is to restore normalcy. The Armed Forces have their culture, their tradition, to achieve their objectives. But they cannot impose themselves on civilian life. This is the process that we are in.

[Richards] Do you feel comfortable dealing with Pinochet after having attacked him so much?

[Valdes] I've made a very great effort to forget certain things, and it's not that I have a bad memory. I remember the details: when they jailed and beat me. Nonetheless, I've made an effort, because I'm not in another country, but I am in a different atmosphere. So it's not that I'm comfortable or uncomfortable; rather, I feel that I'm discharging one public function and General Pinochet another. And democracy is a system in which there is life and liberty, but there are also hierarchies, order, and certain types of official behavior.

[Richards] Many feel that you've turned to the right.

[Valdes] They may say that (laughs). They've said so many things about me (laughs heartily). A short while ago they suggested that I didn't become a presidential candidate because I was a leftist. Now they're saying that I'm a rightist. I have a deep conviction, however, that others change as well. I've never stopped dealing with people on the right, but I don't feel like a rightist. I have my principles, yet at the same time I think that history changes, and if an effort is not made today to form a broad national movement that will accept people on the right, that is democratic, and that will work with the left, which is a force that Chile cannot do without, then, I think that unless we do this, we have no future. And if we are doing it, I want to encourage it. And since we are obviously trying to win over to democracy those who strayed from it, the forces of the right, we have to work with them.

[Richards] How would you assess these six months of the transition? In your judgment what are the successes and the failures?

[Valdes] The biggest success of the transition is that it has been able to create such a consolidated coalition government. In other words, one that is cooperating in an exemplary way with President Aylwin. This has never happened before in Chile's history. And rarely has it happened in Latin America. Because single parties tend to govern in countries. This political combination is really a surprise. And I think that it's an example for the country and the world that people who think differently can be brought together to undertake a common task. This to me is the greatest thing that has happened over these six months. When all is said and done, this is the real foundation of democracy.

[Richards] And what about the mistakes or delays?

[Valdes] They are due mainly to the constitutional judicial obstacles that we came up against and that are preventing the people from expressing their will, for example in the case of mayors. I think that the absence of elected mayors is a very serious obstacle to the unfolding of the democratic process. Second, I think that we did not have enough information about the government's complete inability to pursue the sort of social policy that the country was expecting and that was the foundation of our campaign.

[Richards] Yet several sectors are saying that this has become a government by a top echelon. A lot of framework accords, a lot of decisions from above, but the people have been forgotten, even though the campaign slogan was "win over the people."

[Valdes] I feel that there's some truth to this. Over the past few months I've toured the communities in my region and I've held large, open assemblies. And there's no doubt that people are still waiting. They had very high hopes, and very little, if anything, has been done for

them. They want certain things: drinking water, electricity, jobs, education, health care. They realize the difficulties, but for a long time they were politically mobilized, and today this political mobilization doesn't exist.

[Richards] And in your judgment what is the reason for this?

[Valdes] The administrative structure is not working. The mayors we inherited are not embracing the new government and are moving in the opposite direction. They aren't cooperating, and good God do they have power! Especially in the rural areas and small towns. Consequently, liberation hasn't arrived. Elections were held, and Aylwin won. People said: "We won, we're winning." But still "we aren't getting anything." And what they want are very simple things. The people really have a need to participate. What people want is to speak out and express themselves and be noticed: "This is what I think," "What I want to tell the mayor," "What I want to tell the governor, the senator, and the deputy...."

[Richards] You blame the inherited mayors. But what blame does the government bear in this matter?

[Valdes] For its tendency to lock itself up in La Moneda. I'm not saying the president of the republic, because that's his place of work, but many others: ministers and officials. In the end they decide at La Moneda what is good for the country, because following up on the decision, executing the decision, at times gets locked up inside four walls.

[Richards] And to what do you attribute this phenomenon?

[Valdes] To the fact that some lack experience. In some branches there are too many people as well. Lastly, the move from academia to the real world is a very big leap, and some are still up in the air.

[Richards] By the way, what do you think of Pinochet's remarks about the German Army?

[Valdes] I've already stated my opinion.

[Richards] And what was that?

[Valdes] Regrettable, downright regrettable. There's no other word for it.

[Richards] General Pinochet insists on remaining a political leader. Don't you think that this is incompatible with his serving as commander in chief?

[Valdes] Yes I do.

[Richards] Have you told him that?

[Valdes] We've discussed the issue.

[Richards] And?

[Valdes] We've discussed the issue.

[Richards] And what has he said to you?

[Valdes] I can't tell you about the conversations that we've had in private.

[Richards] But do you think that he wants to remain a political leader?

[Valdes] When you've held power for many years, you naturally gain a vision of what has to be done. And when you've held total power, your vision of what has to be done is total as well, and it's very difficult to part with this psychology.

[Richards] But don't you think then that it's not good for the country to have General Pinochet remain as commander in chief?

[Valdes] I think that these are the conditions under which we're operating, and there's nothing worse than complaining about the conditions that you agreed to. We agreed to them in good faith and we hope that they work. It's difficult. But if they work well, we will have carried out an exercise that only Diocletian, Charles V, and Augusto Pinochet Ugarte had performed.

[Richards] What are the major tensions that you see in relations between the government and the army?

[Valdes] Adapting to each other in the communities and on the local level. I think, moreover, that relations between the army and civilians ought to be handled in a much calmer tone. I realize that there is agitation, that it's not easy for Chile to swallow this encounter. It's a difficult encounter. But I also think that it must be attempted. Converse more and more privately. I think that when little things are given too much publicity and blown up into big problems, there is uneasiness and useless anxiety. Because every time that you speak with an officer in any branch of the Armed Forces, you find that they're very willing to discharge their functions. To be respected and to respect legitimate authority. That is my deep-seated conviction. I don't see a desire for revenge. There is natural protection for what they did, which includes actions that showed a devotion to public service and others that are deplorable, situations that ought to be brought to light. In any event, I think that we're going to gradually resolve the problems.

[Richards] To change the subject, are you in favor of a presidential or a semi-presidential system?

[Valdes] I'm in favor of a semi-presidential system.

[Richards] Are you prepared to reform the constitution to this end?

[Valdes] Yes, I'm prepared to reform the constitution, because I think that at present there is excessive dependence on one person, and no matter how esteemed, no matter how patriotic he may be, any difficulty involving the president could eventually turn into a crisis of State. And we have to prevent crises of State. No more crises like the ones in 1973 or 1891. There was no fuse to

replace in these cases. And the big advantage of a semi-presidential system is that the individual can be replaced without destroying the structure of the State.

[Richards] Speaking of constitutional reform and assuming that it would include the reelection of the president, would you be in favor of reelecting Aylwin?

[Valdes] I don't want to talk about specific individuals, because President Aylwin is doing a very good job, and we've only just begun. So it's a little early to talk about individuals. In general, however, I'm always against reelection, because the second terms have never been good.

[Richards] Let's assume that the political system is reformed and you were president of Chile. Would you have a socialist prime minister?

[Valdes] In that scenario, which by the way I've given no consideration to, I wouldn't have the slightest objection. What is more, I would feel very comfortable.

* Copper Mine To Begin Production in December

91SM0017D Santiago QUE PASA in Spanish
13 Sep 90 pp 30-31

[Article by Ana Maria Pereira]

[Text] Two years into the project everything has gone just fine, even better than expected. The La Escondida copper mine, the largest private-investment project in Chile's history, is five months ahead of schedule. Thanks to a 32 percent faster work pace the extraction of sterile material covering the vein will be completed this October, not in April 1991.

Work started in the late 20th century, but everything has been planned to extend well past the year 2200. It thus has the latest techniques of extraction, production, environmental control, human resources management, and even financing. Its first shipment of copper will be on the world market on 15 December, and according to Robert Hickman, the president of the company, the mine will "be working at full capacity in mid-1991."

At that point they will be able to tell whether everything is still proceeding smoothly. For example, the company's modern program of environmental control is based on simulations of production that have not yet begun. Therefore, the challenge of proving its efficiency is not yet over, in spite of all the accomplishments.

Moreover, La Escondida will have to demonstrate its management capacity so as not to push copper prices lower on the world market. Its output will represent the largest amount of copper entering the market at one time. With open-ended projections "until the 22nd century," says Hickman. The deposit contains 1.8 billion tons of high-grade copper.

He does not think that it will have an impact on prices because most of the copper has already been sold, "and there are always interruptions in supply, due to strikes or other problems, and thus we'll replace the mines that leave the market." The company will also not be competition for Codelco [Copper Corporation] "but rather for the mines with higher costs."

After three years of exploration and with patience—and money—running out, La Escondida was discovered on 14 March 1981. Hence its name ["escondida" which means hidden]. Today it is a small population and industrial center that breaks the monotony of the driest desert in the world, the Atacama, at 3,100 meters altitude, 160 kilometers from the nearest city, Antofagasta, and 240 kilometers south of Chuquicamata.

The company has been breaking its own records ever since the project started. This, plus a net pay of 100,000 and up, promotion possibilities, one's own home, four days off for four days of work, and an accident rate less than a third of the average at Chilean mines, represent an attractive package for miners.

The 950 workers at the mine, plus some from contractor firms, have been extracting 180 million tons of sterile material covering the ore 180 meters down. When production begins, it will never stop. During the first 52 (!) years the company will mine a region that contains 662 million tons of copper, with a fineness of 2.12 percent copper. During the first decade the fineness is estimated at 2.85 percent. The concentrate will contain molybdenum, gold, and silver. The molybdenum will be extracted, and the gold and silver will be included in the selling price to the smelters. Yet they will not account for more than five percent of the mine's total earnings.

Although its executives would rather not compare, the contrasts are obvious. The grades of ore are better than those of Codelco, which this year will average 1.25 percent and are falling. Chuquicamata has an extraction pace of close to 13 tons per man per day; in La Escondida it is 35 tons/man. This extraction rate makes it the largest producer in the world in tons per power-shovel. Its payroll is just ten percent of Chuquicamata's. Times have, of course, changed. "No previous mine could incorporate all this technology overnight without heavy expenditures," Hickman explains.

The work schedule seems to have everything under control. Some 35,000 tons of ore a day will be extracted and wind up in a concentrator that will yield 2,000 tons of copper concentrate. To lower transportation costs, the concentrate will be mixed with water, forming a sludge, and flow through a 164-kilometer pipeline to the port of Coloso south of Antofagasta.

There, almost all of the water will be drawn off, and the concentrate stored for later shipment. Around 60,000 tons will be leaving the port every month. During storage and transportation the ore will remain covered, insuring that it stays pure.

Three million dollars have been spent on the program to decontaminate the water used during the process. It will be

purified and later discharged into the sea through an underwater pipe. Other water will be treated further until it is suitable to irrigate "Coloso Park," which the executives plan to build in the desert surrounding the port.

According to Jose Miguel Ojeda, the manager of resources and environment at the mine, the partner countries and the World Bank "are demanding compliance with the highest international pollution standards," and thus the company has observed them. Chile has a few laws, but since the "norms are far from clear," the company preferred to use the guidelines of more advanced countries. In the judgment of foreigners, our country is 20 years behind in environmental matters.

The workers are not being left behind either. The executives boast that theirs is the first company to build homes for the workers even before they are producing. So far more than 400 dwellings have gone up in three areas of Antofagasta. These homes are at least 65 square meters, are well finished, and, breaking with the concept of a low-income company town, do not all look the same. The workers buy them with preferential loans obtained by the company and are guaranteed remission of the remaining debt after they have lived there seven years.

The "old boys" (what the miners usually call each other) will be able to enjoy them more as a result of the shift system. True, they will work 12 hours a day ("Something that no union at Chuquicamata would stand for," remarked one of them) and will even take their one hour lunch on top of their trucks or machines. But this optimizes yield, according to the executives, and the miner can spend more time with his family. On the days that they work (15 a month in all), they will stay at the mine in well-equipped camps. Recreation will even be available. There are other benefits too, such as an annual bonus, vacation vouchers, and a medical plan that covers 100 percent of expenses and 80 percent of the cost of medicine.

Labor relations seem good; everyone knows each other, and the bosses do not wear ties or don hard-hats different from the others. "The Gringos set the example by getting up at six in the morning," remarked one worker. Moreover, promotions are possible. Last month, Juan Varela Navarro, who joined the company in 1983 as a contract worker, was promoted to supervisor of electricians. The positions of authority are not reserved for professionals; six of the 21 supervisors are not. Everything depends on each person's productivity. The duties of a job are not inflexible. An employee will perform other tasks, for example, while the truck in which he normally works is being repaired.

The aim of this work system is to achieve productivity standards equivalent "to those at mines in the United States and Canada, which at the moment are the most efficient in the world." It is with good reason, Hickman says, that "we are betting $1 billion on Chile's future."

[Box, p 31]

High-grade Firms

Their names stand for the new style of mine management under which La Escondida was born in Chile. And rightly so, because they are among the most important multinationals in this field. After several changes of ownership, the following structure finally emerged in La Escondida:

- 57.5 percent belongs to Broken Hill Proprietary, BHP-Utah, an Australian mining consortium with an international presence;
- 30 percent to Rio Tinto Zinc, the largest mining company in the world;
- 10 percent to JECO, a Japanese consortium headed by Mitsubishi and;
- 2.5 percent to the International Financial Corporation (CFI) of the World Bank.

These are the investors who negotiated the foreign-investment contract under Decree Law 600. The total amount was $1.143 billion. But when the energy grid was developed, the company no longer had to build its own generating plant, and the cost dropped by $147 million. With work proceeding ahead of schedule, the cost today stands at $900 million. In the wake of the Latin American debt crisis, money was not easy to get. It was finally secured in this innovative way: by offering to sell copper concentrate to foreign smelters under long-term contracts in exchange for financing from the governments of the client countries. Thus, Japan contributed $350 million, Germany $140 million, and Finland $47 million. The CFI lent $70 million, and the owners of the deposit pitched in another $400 million in their own capital and loans.

Colombia

Armed Forces Detect FARC 'Terrorist Plan'

PA0111232190 Bogota Radio Cadena Nacional in Spanish 1200 GMT 31 Oct 90

[Text] The Armed Forces have launched heavy patrols throughout the nation, after detecting a terrorist plan of FARC [Revolutionary Armed Forces of Colombia] and ELN [Army of National Liberation] guerrillas. The special security plan particularly covers Antioquia, Choco, and Santander Departments, where the guerrillas were apparently planning to attack the civilian population.

The surveillance is heavy in Currulao, Antioquia; Unguia, Choco; and Contratacion, Santander. A group of guerrillas attacked Contratacion in the early morning hours of 30 October.

According to reports gathered by the country's intelligence organizations, FARC and the ELN are planning to frighten the peasants in rural areas to disrupt public order.

* Government 'Apertura' Program Analyzed

* Criticisms Outlined

91SM0044A Bogota SEMANA in Spanish 9 Oct 90 pp 24-28

[Text] The minister of finance, Rudolf Hommes, is putting all the Colombian people on a diet.

Back around the beginning of August, he seemed to be the "best liked" man in the cabinet. With his easy-going style and his technician's timidity, Rudolf Hommes didn't give the impression that, barely 60 days after the start of the administration, he would hold the title of the new administration's most unpopular minister. But as the architect of a stabilization plan which threatens to plunge the productive sector into a deep recession, this Bogota economist is now the target of much criticism.

Inflation is to blame for all of this. It was already a problem during the previous administration, and it has now become even more serious. Last week the DANE [National Administrative Department of Statistics] announced that in September the consumer price index had topped the barrier of 30 percent a year, the highest it has been in the past 13 years.

Hard Line

Because of this, Hommes has announced a hard line: "The government intends to control inflation, which is hurting all of us. That is the commitment we have made." But he denied that the government intended to apply a shock plan in Colombia, similar to the plans recently implemented by the presidents of Brazil and Peru. "We are not applying a shock plan," he said. "We aren't trying to bring down the cost of living by ten percent in one year: we aren't seeking to reduce growth of the forms of payment by ten percent; we don't want to lay off ten percent of the government payroll."

In practice, though, the government has been taking a number of steps that, as they are not gradual, are still fairly drastic, and which many people have been comparing with the adjustment programs applied elsewhere in South America. With excessive economic orthodoxy, which at times exacerbates the problems it is attempting to combat, the government is making the struggle against inflation its top priority, leaving behind problems related to economic growth and investment. For good reason people in academia are starting to talk about "Rudyshock."

The latest announcement, made on Thursday of last week, was the removal of restrictions on imports of all industrial or processed goods in the basic food basket whose prices have increased by over 24 percent during the past 12 months. It was also announced that customs duties on items whose prices have risen by over 30 percent during the same period (excluding food and agricultural items) will also be reduced.

This step follows the hike in gasoline prices and electricity rates, the two percent increase proposed in the VAT [Value Added Tax], the decrease in the peso's devaluation schedule, the drastic cut in government spending, and the restrictive monetary policy which the government has been applying for several months, which has caused a great lack of liquidity in the financial sector and a rapid rise in interest rates. All this has been done for the purpose of creating the conditions necessary to contain inflation, no matter what its immediate impact on the productive sector might be.

According to a number of experts, the government's economic package has not only been counterproductive in the short term, as it has increased inflationary pressures, but it will inevitably lead to an economic slowdown. There is even some talk of a recession, which could impede the industrial reconversion process that is needed if the apertura [economic liberalization] program is to move forward.

Criticisms

The first open criticisms levelled at the government policy and the first warnings of its regressive nature were heard last week, during two academic and association conferences: a forum on "Apertura and Development Models" sponsored by the Bogota Chamber of Commerce, and the Second National Insurance Convention, sponsored by Fasecolda [expansion unknown] in the city of Cartagena.

At the first of these events, the president of Fenalco [National Federation of Businessmen], Sabas Pretelt de la Vega, warned of the difficulties which the government is getting itself into, by having to increase the VAT in order to be able to continue its policy of reducing customs duties and surcharges on international trade. According to Sabas Pretelt, this is a regressive tax transfer, because while it eases the burden on a few importers, it levies a greater tax burden on consumption by the majority of the population, and in so doing it also hurts Colombian businesses.

Two other trade association executives made similar comments: the president of Acopi [Colombian Association of Small Industries], Juan Alfredo Pinto Saavedra, and the president of Fedemetal [Colombian Metallurgical Federation], Jorge Mendez Munevar. Both speakers emphasized the need for an expansionary climate for the apertura policy, and in particular cited the negative impact of today's extremely high interest rates on investment (excerpts of their statements are given below).

Juan Alfredo Pinto, President of Acopi

"The economic situation for small and midsized industries, most of which produce consumer goods, shows us a group of factors which are acting together to depress the internal demand, thereby eroding the purchasing power of workers and employees. Decisions such as: the boost in gasoline prices, the increase in energy rates, the possible VAT increase, increases in the valuation tax, the

tightening of the money supply, and the rise in the interest rate, to mention but a few, act to discourage demand and are diminishing our ability to contribute to the growth of our GDP [Gross Domestic Product] and to function as society's leading source of jobs. During the past 60 days, small and midsized industries have had to arrange for loans, when they can be found at all, by making receiprocal arrangements and by going begging to the banks, with effective annual interest rates of 51.7 percent. With such a high cost of money, we do not believe any industrial plant reconversion and modernization projects will be possible."

Jorge Mendez M., President of Fedemetal

"The reorganization is a challenge to expand our economy, to make it grow, not to restrict it or shrink it. For this reason, even though what some superorthodox economists seem to be seeking is an idyllic country in which there is no industry, no agriculture and no growth so they will be able to say that Colombia doesn't have a single inefficient activity in international terms, it is essential to reconcile macroeconoimc policies with the purpose of reorganization. If this country remains wedded to the concept of having to put up with an adjustment process every two and a half years, as we have had to do in recent times, the idea of a reorganization would practically have to be abandoned. This clash between purely short-term policies and mid and long-term policies must come to an end some day. Industrial reorganization requires an expansionary macroeconomic environment. It cannot coexist with a restrictive environment in which interest rates climb by 20 percent a year in real terms, and such a large part of our national savings has to be transferred abroad."

No less harsh were the criticisms the government received at the Insurance Convention. The president of Fasecolda, William Fadul, said in his speech that "it cannot be denied that the increased taxes on the Colombian people are hurting their purchasing power, causing an immediate decline in demand, and consequently, commercial and business stagnation." The former minister of economic development, Jorge Ramirez Ocampo, warned that the nation is once again facing a decline in its rate of economic activity, accompanied by a dangerous acceleration in prices. The same warning was issued by the former minister of mines and energy, Guillermo Perry Rubio, who said "we have a lack of liquidity, spending cuts, high interest rates, and a decline in investment; this will lead to a recession."

Even the voice of experience was heard. Former Chilean minister Hernan Buchi, the architect of what came to be known as the southern miracle, spoke about what should be done and what should not be done in an apertura program. In a speech he gave last Friday, Buchi warned about the dangers of economic liberalization in a recessionary context with high interest rates, while subordinating devaluation to successes against inflation. As one of the people attending the lecture said: "Too bad Rudolf Hommes wasn't here!"

Current Problems

Hommes has become the target for much criticism. When he was appointed by Gaviria, few opposed having this economist from Bogota taking charge of public finances. After all, not many experts had such a strong background as the present minister. His intelligence, his economic orthodoxy and his knowledge of many issues made him the most appropriate choice to implement the economic policy of Gaviria's era. That was demonstrated just a few days after the start of the new administration, when the economic team didn't hesitate to raise fuel prices and significantly boost electricity rates. Despite the harshness of these steps, they were relatively well received by the experts, who praised the government's courage in taking steps to correct long-standing imbalances.

But after that, the problems began. Inflation, which was already high, soared higher still. In response, the government decided to slow down the monetary expansion even more, and began to pull in money from the market, by increasing interest rates on government bonds. As a consequence, financial entities began to have problems with a lack of liquidity, and in order not to be left behind, raised their rates even more, an increase which was then shifted onto credit users.

Things in the external sector were no better. Imports, which in theory should have increased, remained low, causing greater monetary pressure. A comment the minister of finance made bore some responsibility for this lack of dynamism. He said the government intended to lower the import surcharge from 16 percent to ten percent. Because of that announced reduction, many importers decided to wait. As one of them told SEMANA: "Nobody's going to be crazy enough to pay more, when they say they're going to lower tariffs soon."

All that combined so that once again the year's economic prospects seemed poor. Industrialists, who had been experiencing a strong recovery, are now saying that demand for their products has dropped off. Even though in economic terms the surge in petroleum prices and the larger coffee harvest may be able to salvage the year, manufacturers have certainly been hurt.

Of course, manufacturers also bear some responsibility for some of these difficulties. The DANE figures show that manufacturers of certain items raised their prices disproportionately, shielded by their monopolistic position. Such findings came at just the right time for the advocates of apertura, since with the partial decontrolling of imports, it won't be as easy for producers to take advantage of the nation's consumers.

But it is precisely on this very point that the critics are attacking Rudolf Hommes. According to the experts, foreign trade is sufficient to decrease inflationary pressures, without having to resort to the usual formula of raising funds on a massive scale and generating the consequent rise in interest rates. "People are simply holding out their hands to the minister of finance, and

because of his obsession in dealing with inflation, he isn't measuring the consequences," an expert on the issue, who asked that his name not be revealed, told SEMANA.

The Reasons

The flood of warnings about the negative impact of the government's policy on the productive sector has been so great that the minister of finance himself had to admit, in statements he made to SEMANA, that with the steps which have been taken in recent days, "some growth will have to be sacrificed." But he still maintains that the most important thing at this time is to control inflation, which is eroding the purchasing power of the Colombian people.

Furthermore, the minister doesn't believe that the situation is going to be as serious as the critics of his policy believe. According to Hommes, it isn't true that the proposed VAT increase will produce a widespread tax rise for the Colombian people, and that this will tend to trigger a recession. "The only thing we're trying to do with this measure," he says, "is to recover part of the revenue lost with the reduction of tariffs and surcharges on foreign trade, which we did as part of the program to modernize the national economy. Furthermore, the net result of lowering the price of imported materials and increasing the VAT is going to be positive for the consumer, which means that this measure will not affect the nation's aggregate demand."

But some experts SEMANA consulted, like Eduardo Lora, a researcher for Fedesarollo [Federation for Development], supported the view of the president of Fenalco and of other association executives that the measure will be counterproductive for Colombian business. According to Lora, replacing the tax on imports by a VAT increase is a recessionary move, for not only does it decrease protection for Colombian industry, but it also affects domestic production. And as if by chance, the VAT is levied on many of the very products which, according to the government, are responsible for the acceleration of inflation; they will now face stiffer foreign competition.

They also pointed out that the tax and rate increases are not the only recessionary factors in the package that the government has adopted. On this point, they concurred with the evaluation made by the presidents of Fedemetal and Acopi. The severe lack of liquidity to which the economy is being subjected and the subsequent increase in interest rates (which have reached levels exceeding 52 percent a year) have caused great credit restrictions which impede the development of industrial and business activity. And there is another factor, to make the situation even worse: The very high interest rates become a major inflationary factor forcing the government to make even greater restrictions, thus generating a vicious circle with dire consequences for the economy.

Another recessionary component of "Rudyshock," the experts say, is the cut in government spending. According to the minister of finance, investment in state companies (especially Ecopetrol [Colombian Petroleum Enterprise] and Telecom [National Enterprise for Telecommunications]) will be cut by 195 billion pesos and the Treasury will delay payments to public works contractors, and apply a strict freeze on the government payroll. The objective is to reduce the consolidated government deficit to two percent of the gross domestic product. This will further contract the economy's aggregate demand.

In addition, there is also a slowdown in the devaluation schedule, which has led people to say that the government is using the price of the dollar to lower inflation, something that runs counter to the principles of a healthy foreign policy. This slowdown is occurring, especially, at a time when the government itself is promoting an economic liberalization process that seeks to bring Colombian industry into contact with foreign competition.

And this lies at the heart of the concerns of many of the association executives and academic experts who have commented on the government's policy in recent days. They feel that without an expansionary macroeconomic environment, it will be impossible to bring about the industrial reorganization required for the nation to cope with international competition. Under the present conditions, they say, there are no incentives to invest, and the resources which have been pledged to date are totally inadequate, compared with the magnitude of the challenge that lies ahead.

This concern seems particularly valid when we consider that, based on the few studies which have so far been done on the macroeconomic impact of liberalization, the liberalization process will not solve the growth problems of the Colombian economy, at least in the short term. According to a report done by Fedesarrollo researchers: "What we find, contrary to what the government is arguing as the major reason for the liberalization, is that this process is not going to stimulate economic growth, but on the contrary, it will discourage growth. According to our findings, there will be a decline in GDP growth close to 0.5 percent. This means that if we had a growth rate of 3.5 percent a year without liberalization, now we will have a three percent growth rate." Even more, according to the study, "the model's most unfavorable effect occurs in the industrial sector, which will grow at a rate two points less than it did before."

According to the results of this study, not only might private investment slow down during the next few years, it could even decline.

But still the minister of finance says that the right conditions for investment are present. "There is a program which should produce its first results at the beginning of 1991, in terms of prices. If investors want to take advantage of liberalization, they should start to invest right now. The people have to get into position to export and compete."

But investors don't seem to be very convinced of this. And they have good reason. Despite the promises made by the minister of finance, the economic situation is not at all favorable for stimulating much investment growth. That factor, which by itself is serious, becomes very disturbing when we take into account the fact that the nation is starting to navigate in the unknown waters of apertura. In the press conference he held last Thursday, Rudolf Hommes cited as proof of his faith in the austerity policy, that he intended to lose ten kilos. We just have to hope that his decisions won't make dieting commonplace among Colombian's 30 million other citizens.

* Source of Financing Viewed

91SM0044B Bogota EL ESPECTADOR in Spanish 2 Oct 90 p 10-a

[Article by Henry A. Rodriguez B.]

[Text] As it was conceived, the modernization program for Colombia's economy (what is popularly called apertura [economic liberalization]) involved something more than simply removing controls from imports. It was a mix of rationalization of foreign trade, "debureacratization" of government enterprises, and improvements in the structure of services.

These elements served as the grounds for the approval by COMPES [National Economic and Social Policy Council] of the document which placed Colombia in the wave of economic liberalization, which has already begun in Latin America and in East Europe.

This program incorporated a gradual removal of controls on imports and at the same time an increase in both public and private investment. There was agreement on one thing: There can be no liberalization without better ports, highways, railroads, and without an industrial reconversion.

An approximate calculation of the cost of liberalization indicates that it should cost about US $8.374 billion. That figure is the result of adding together all the investments which National Planning considered in recommending approval of the liberalization program.

To list a few specifics, that amount contains the following items: industrial reconversion, US $4.6 billion; repair of the national highway network, US $300 million; construction of the Interocean Land Bridge, US $2.750 billion; improvement of a container dock, US $51 million; improvement of Colpuertos [Colombian Ports Enterprise], US $26.7 million; termination of a section of Magdalena Medio, US $300 million; completion of the road from Bogota to the coast, US $41 million; Highway to the Sea, US $56 million; and modification of the airport infrastructure, US $38 million.

When we deduct from that figure the amount projected for the Interocean Land Bridge, which is not considered a particularly urgent project, we find that the liberalization program may cost—according to the official figures—about US $5.624 billion. And this does not include the cost of the major imports.

Nevertheless, the minister of development, Ernesto Samper, revealed at the Fedemetal [Colombian Federation of Metal Industries] assembly that the government has entered into negotiations to obtain resources—most of which are foreign—totaling US $1.1 billion to finance the apertura program.

The two figures, both the one projected by Planning for the total cost of apertura, and the one announced by Samper, are projected to be invested over a five year period.

The IFI [Industrial Development Institute] director, Rodrigo Vilamizar, feels that businessmen should have whatever resources they need to modernize their firms technologically. He is convinced that international organizations like the IADB [Inter-American Development Bank], BM [World Bank], and CAF [Andean Development Corporation] will lend Colombia as much money as it asks for.

However, at the Joint Assembly of the World Bank and the International Monetary Fund held in the United States, the two multinational organizations agreed to devote most of their resources to financing the nascent market economies in East Europe.

Bringing Capital Back Home?

On this issue, the World Bank consultant and former director of Incomex [Foreign Trade Institute], Gustavo Tobon, recommended that the government implement a formula allowing Colombians to bring back capital invested abroad, in an amount calculated at about US $18 billion.

In his opinion, the US $1.1 billion Samper announced for modernizing and expanding industry over a four year period is inadequate, and they still don't even have it, as they are now in the process of conducting negotiations with the world's credit institutions to obtain this funding.

Concerning the Colombian capital now invested abroad, he said: "Inexplicably, the government did not include this point in the general exchange law, and we don't know why it was excluded."

Nevertheless, the government has reported that it is preparing to create a special tax on capital which, while it is generated in Colombia, is going into the international financial market.

The World Bank consultant thinks the provision should be more radical. In a country that needs to forgive and make peace despite all the blood that has been shed and all the unpunished crime, wouldn't it be possible to establish an amnesty and some incentives that might attract the necessary capital, so that Colombia's economy would be able to survive at the turn of the century?

Tobon spoke at a forum on "The Businessman Looks at Apertura" sponsored by Confecamaras [Confederation of Chambers of Commerce] during its annual assembly held in Pasto.

It is true that while apertura may well cost a total of US $8.374 billion, we don't yet know where the money to finance it is going to come from.

Further Announcements

Yesterday was also the first day of the seminar entitled "Apertura and Development Models: Experiences in Latin America," sponsored by the Bogota Chamber of Commerce.

In this forum, the vice minister of finance, Luis Fernando Ramirez, revealed that with a yield equivalent to six percent, the CIF [Cost, Insurance, and Freight] tax on imports destined for the Proexpo [Export Promotion Fund], will generate 120 billion in resources a year. This money will go into a fund for modernizing the economy.

The purpose of this account will be to cover the cost of the CERT [Tax Reimbursement Certificate], to conduct research to improve industrial productivity and efficiency, to incorporate foreign technology, and to develop infrastucture that will be used by all our foreign trade, and not just a few exporters.

A commitment: the measures implemented to reduce tariffs on capital goods are sending a clear signal. The exchange rate will be adequate to encourage exports; it will be in harmony with other macroeconomic variables, and it will allow Colombian exporters to compete well in international markets.

Samper Withdrew Request for Extra Powers

He changed his mind. Samper Pizano, the minister of development, had submitted a general foreign trade law for consideration by congress.

When he came to the Senate Office, he sat down and reread the bill for one last time, and surprisingly, he decided to change the title. It isn't known why he withdrew the request for some special powers for the government, which would have allowed it to change entities related to commercial activities.

Consequently, the final title was: "A bill issuing general standards to which the national government will be subject in regulating the nation's foreign trade; it includes the composition and functions of the Foreign Trade Council; creates the Foreign Trade Bank of Colombia and the Economic Modernization Fund; some authorizations are granted, and other regulations are issued."

The phrase deleted from the title said: "by which...the president of the republic is given some special powers."

Sources close to the Senate said that in the end the minister refrained from requesting the special powers, which he had earlier considered essential in order to establish a law providing a legal framework for the apertura program in Colombia.

* Liberal Dogmatism Criticized

91SM0044C Bogota EL ESPECTADOR in Spanish 6 Oct 90 p 3-a

[[Article by Jorge Child]

[Text] The tendency to issue economic measures on various aspects of the apertura [economic liberalization] and privatization program as indiscriminately and hastily as the present administration has been doing, gives us the feeling that it is dominated by an ideological whim, and not by any pragmatic sense. Quite the opposite of what the public had expected from a government composed of younger people, a government which has devoted its energies to raising prices to "international" levels never before endured in Colombia, and to opening Colombia up to meet the world market without having anything in hand.

Perhaps these geniuses haven't realized that the developments of neoliberalism which they have been interpreting with their proposals are more closely related to the pure ideology of classical liberalism, and to the major international industrial centers' interest in capital, than to the real conditions and the specific problems of Colombian development.

With very little knowledge of causes, they trot out the examples of "export" models which made the economic miracles of Japan and Korea possible during the last three decades. But they distort these experiences, presenting them as the results of a private, free economy, without state planning or control.

However, the history of these miracles is quite different: first growth began in those societies, with priorities that were well defined by the state, and little by little, as they adapted their industries to the new technologies and new products of the contemporary market, they began to implement a policy of relaxing controls on imports based on reciprocity, and to dismantle subsidies for exports in order to adapt interest rates and the cost-price structure to international levels. Then they started to privatize companies that had been formed by the government, with ownerhip of the companies held by the employees. But here they have proposed to us a neoliberal ideology which leaps over steps all at once to: an unrestrained decontrol of imports, an indiscriminate privatization of public enterprises, and an internationalization of prices, without modernizing, before a cost structure has been created, and without production technologies. Maybe this is something like the poor fisherman's son trying to catch a "miracle fish," for with nothing in their hands the advocates of apertura are just fishing for a miracle fish in the world market, so they can exchange it for unemployment and inflation.

Some commentators describe people who object to the lack of practical sense and the rigid neoliberal ideology of these policies, which have raised our prices, as old fashioned. Obviously, we aren't trying to defend the bureaucracy and inefficiency of the public enterprises, but rather to propose alternatives other than privatization, like what former minister Jaime Pinzon has suggested, getting rid of the special interets and moving toward more rational control in the public enterprises instead of letting the state be torn apart under the lash of international capital.

At times the liberal party's defense of public enterprises, with their present bureaucratic structure, becomes a strongly biased defense of political special interests.

This is especially true when they don't offer alternatives for reorganization, but simply reiterate simple and clumsy opposition to privatization.

This tendency runs the risk of becoming a form of dogmatism that fights with the same awkward weapons used by the other side, which it is opposing.

Peru

'Confrontation' Between DEA, Police Denied

PY0111210390 Lima Television Peruana in Spanish 1100 GMT 1 Nov 90

[Text] It is not true that there has been a confrontation between police forces and members of the U.S. DEA [Drug Enforcement Administration] organization in San Martin. The rumor was thus dismissed by Interior Minister Adolfo Alvarado Fournier. He did, however, express concern over the increase in coca crops.

Interior Minister General Adolfo Alvarado Fournier went to the Chamber of Deputies Amazon Integration Committee to report on the government policy to combat drug trafficking in the Amazon basin. The committee is chaired by Deputy Jorge Luis Donayre.

Although it was a private meeting, it has been leaked that the minister discussed reports coming from San Martin Department which state that the situation in this zone has become like that in [Alto] Huallaga, and that this is a matter of deep concern for the members of the committee.

[Begin recording] [Reporter] Mr. Minister, your ministry has reported on a confrontation [words indistinct] last week in the [name indistinct] zone between police forces and DEA agents (?over) a drug trafficking case. [passage indistinct].

[Alvarado] I do not know. There has been no confrontation. It seems that something of the sort was reported on television, but it is not true.

At that time Army personnel were guarding a small airplane that had been seized. The National Police carried out that operation. They arrested 300 [as heard] criminals involved in that drug trafficking crime and removed the small airplane with a helicopter, but there was no [words indistinct]. There was no problem.

[Reporter] [Question indistinct]?

[Alvarado] What do you mean, Miss?

[Reporter] Drug trafficking [words indistinct] into another zone like the Alto Huallaga.

[Alvarado] I have already reported here in the committee meeting that the coca zones are increasing. They are increasing. At this moment, there is an (?average) of 200,000 hectares of coca crops. These crops are extending into various departments. The most important actions are being carried out in the Alto Huallaga zone. Undoubtedly, they are trying to grow coca in areas where the police would find it difficult to combat them. [end recording]

October Inflation Rate Totals 9.6 Percent

PY0211030890 Lima Television Peruana in Spanish 0100 GMT 1 Nov 90

[Excerpts] The National Statistics Institute [INE] has reported that the October inflation rate totaled 9.6 percent. INE Director Felix Murillo pointed out that this rate is lower than that of September, which confirms that the inflation phenomenon is decreasing because of the economic measures implemented on 8 August. [passage omitted]

[Begin Murillo recording] The consumer price index in metropolitan Lima increased 9.6 percent in October. This is some four percent less than in September, when it increased by 13.8 percent. The accumulated inflation rate for the first 10 months of this year totals 5,812.8 percent. [passage omitted] [end recording]

Uruguay

Communist Party Rejects Spying Charges

PY0111223390 Montevideo LA HORA POPULAR in Spanish 27 Oct 90 p 2

[Communist Party declaration issued on 26 October]

[Text] In response to the statements made by Pascual Latronico, an agent of the dictatorship's intelligence services, the Communist Party of Uruguay [PCU] declares:

1. That it has already clearly and firmly denied, through its leaders, the false and provocative charges made by this person.

2. That it considers this new step as a vain attempt to disturb the democratic atmosphere and the relations among the political parties and political forces.

3. For this reason, the PCU will not discuss or express an opinion on operations like that conducted by this individual who was expelled from the party 14 years ago for having

been involved in the detention, torture, and questioning of communist comrades during the dictatorship.

4. This operation is part of a great offensive launched by former dictatorship officials against our party just before we hold our congress. We have informed the national authorities and the public about this issue. Our procedure has been clear and democratic in:

- immediately denouncing the operation to the defense minister on 9 July 1990 through Senator Jaime Perez who alerted him of this offensive.

- reporting to the Interior Ministry the aggressions, proposals of infiltration, and threats made to a female comrade and to a communist union leader.

5. The PCU still demands satisfactory answers from the government on who is responsible for the attacks that began a few months ago.

Are the former services of the dictatorship behind this offensive?

If we discuss or define the political situation under the influence of provocations made by former dictatorship agents, democracy will always be submitted to a heavy pressure. We do not accept this situation, either for ourselves or for anyone else.

The existence of this systematic and persistent intelligence operation is absolutely undeniable:

First: A group—that includes some PCU members who were expelled for having collaborated with the dictatorship, among them agent Pascual Latronico—began to distribute false reports of declarations by prisoners who were tortured. They threatened to give these reports to the media. We reported this to the Defense Ministry.

The group later approached party members, threatening and provoking them. We reported this to the Interior Ministry.

The group then drew up an anonymous document, which it used in an attempt to undermine negotiations in the National Congress, seeking to cause splits using the same argumentation that Latronico employed in his recent declarations. We reported this to the National Congress.

When they were defeated in this attempt, they drafted an anonymous letter in reply to our denouncements. They distributed it, as had been done with previous documents, through two messenger services to all party offices. They used one service for the interior of the country and the other for the capital.

At the same time they distributed copies of the alleged declarations of the prisoners to the media and to political leaders.

Their "professionalism" has no limits. These same people, who sent letters to party members via a messenger service in the capital, were the ones who had previously pressured and threatened them. They said that money had been deposited in the accounts of these party members in payment for their cooperation. Those same people sent to the media the records of the delegates to a PCU conference in 1972. These records had been shamelessly confiscated during a raid in the time of the dictatorship.

All these attempts to divide and confuse the National Congress have categorically failed, and so they are now resorting to a new kind of provocation: Latronico's statement.

We reported this through Deputy Leon Lev to the Defense Ministry, which is politically and hierarchically responsible for the intelligence services.

This desperate offensive by the enemies of democratic coexistence deserves one last consideration:

If we needed proof that our congress was an institution of extraordinary importance for the cause of the people, this is it.

We will continue—with all the forces willing to join us—with our broad and pluralistic effort to bring change and well-being to the Republic, renewing our commitment to the Uruguayan people.

Communist Party of Uruguay. Montevideo, 26 October, 1990.

Venezuela

Professors Dislodged From Soviet Embassy

PA0111032490 Madrid EFE in Spanish 0021 GMT 1 Nov 90

[Text] Caracas, 31 Oct (EFE)—The Committee of Unemployed Professors (CPD) has announced that Venezuelan policemen today dislodged the four unemployed professors who this morning occupied the Soviet Embassy to draw attention to their problems.

The CPD's message states that the four professors were transferred to the central headquarters of the Disip [Directorate of Intelligence and Prevention Services], Venezuela's political police, along with a group of students who steadfastly supported their professors.

The detainees wanted Venezuela's education authorities to attend to their employment requests and to investigate individuals who are illegally exercising the teaching profession and have deprived them of their jobs.

The professors who occupied the Soviet Embassy in Caracas had planned to stage an indefinite hunger strike as part of their demands.

* Poll Rates Perez, Socioeconomic Conditions

91SM0013D Caracas EL NACIONAL in Spanish 28 Sep 90 p D-2

[Report by Teresa de Vincenzo]

[Text] An evaluation of the current administration and the electoral outlook for 1993 are the main points covered in a poll that COPEI [Social Christian Party] has furnished us and that according to sources in this party was ordered by the Organizational Secretariat of Democratic Action (AD), of which Luis Alfaro Ucero is in charge.

The findings on these two points show that half of the respondents (53 percent) rate Carlos Andres Perez' performance negatively, while a plurality of 12.8 percent say that Eduardo Fernandez has the best chance to be the next president, followed by Rafael Caldera (6.8 percent) and Luis Pinerua Ordaz (five percent).

According to the poll, 65.8 percent of the respondents feel that the country's situation will worsen in the short run, while 50.6 percent caution that the situation will also worsen in the long run. Nevertheless, almost half of the respondents (42.8 percent) rated our democratic governments as good.

The document says that the findings come from a sample survey conducted last July among eligible Venezuelan voters over the age of 18. The selection method was a multistage, probability sample with an allocation of sampling units proportional to size during all stages; 1,200 interviews were conducted, with the following breakdown:

Caracas metropolitan area, 400; Maracaibo, 200; Valencia, 150; Barquisimeto, 150; San Felix, 100; San Cristobal, 100, and Puerto La Cruz/Barcelona, 100 interviews.

As for the cross-section of the sample, 42.9 percent of the interviews were with men and 50.8 percent with women. The breakdown of the interviews by ages was as follows: 26.5 percent between 18 and 24 years of age; 29.5 percent between 25 and 34; 24.3 percent from 35 to 49, and 19.7 percent 50 and over.

As for level of education, 30.8 percent of the Venezuelans interviewed had gone to primary school (completing it or not); 48.8 percent had attended secondary school, and 20.4 percent had gone on to higher education.

As for socioeconomic level, class A comprised 8.8 percent of the respondents, class B 16.3 percent, class C 51.2 percent, and class D 24.3 percent.

The research was conducted by means of a questionnaire with open and closed questions. The data were gathered in personal interviews in the home of the individual selected. The questionnaires were later codified and processed electronically.

Party Sympathies

Almost half of the respondents defined themselves as independents without party preference (43.3 percent). Seventeen percent regarded themselves as supporters of AD, 14.1 percent as supporters of COPEI, 7.4 percent as supporters of MAS [Movement Toward Socialism], and three percent as supporters of other organizations.

Significantly, very small percentages of the respondents described themselves as active members of these parties, as 8.9 percent admitted that they belonged to AD, 4.7 percent to COPEI, 1.3 percent to MAS, and 0.3 percent to other parties.

Outlook for the Country

The short-term outlook for the country (this year and next) was seen as negative by two-thirds of the population in the metropolitan area, inasmuch as 65.8 percent replied that the situation would worsen.

The long-range outlook (two years and more out) was also seen as negative, inasmuch as 50.6 percent said that the situation would get worse.

It is noteworthy that the short-run outlook is viewed more negatively by women (68.7 percent), people in class B (70.4 percent), and those who gave the administration a negative rating (76.7 percent).

As for the long-term outlook, it was seen as adverse by the population at large, except for people in class A, 40 percent of whom indicated that the situation would improve.

Carlos Andres Perez' Performance

Half of the respondents (53 percent) gave President Perez a negative rating; 23.6 percent described his performance as very poor, and 14.2 percent as poor.

Nevertheless, 43.2 percent of the respondents felt that Carlos Andres Perez is doing a better job than Jaime Lusinchi. This view was less pronounced among the lower-income sectors: 36 percent in Perez' favor.

A positive rating was somewhat more common for Carlos Andres Perez among people in class A (49.5 percent). Only 35.5 percent of independents rated his performance as positive.

Assessing the Perez Administration

Rating	Percent
Very good	1.7
Good	11.5
Fair (positive)	31.3
Fair (negative)	15.2
Poor	23.6
Very poor	14.2
Don't know/no answer	2.6

Comparing Perez to Lusinchi

Rating	Percent
Better	43.2
The same	22.3
Worse	27.9

Don't know/no answer	6.7

In the Caracas metropolitan area, Barquisimeto, and Valencia, the negative ratings outweighed the positive ones, whereas in the rest of the country the opposite was the case.

Perez did better than the former president in all of the cities, although the gap was smaller in the Caracas metropolitan areas.

Democratic Governments

Almost half of the respondents (42.8 percent) described our democratic governments as good. Some 30.4 percent termed them fair; 24.4 percent felt they have been poor, and 2.4 percent of the respondents did not know or did not answer.

It bears emphasizing that the positive assessment of the democratic governments declines sharply among independents. Just 33.7 percent described them as good, 32.6 percent as fair, and 30.4 percent as poor, while 3.4 percent did not know or did not answer.

There are differences in this regard between Caracas and the rest of the country. In the capital public opinion about our democratic governments is much more negative than in the interior (35 percent), whereas in Maracaibo the positive view of governments over the past 32 years is more pronounced than in the country's other cities (59.5 percent).

Voter Intentions in the Presidential Race

One is immediately struck by the fact that 44.3 percent of the respondents do not know at the moment whom they would vote for. As a result, the category "others," which refers to candidates who are not the best known ones in each party, accounted for 16.9 percent of the answers.

As for the hopefuls who were mentioned, Eduardo Fernandez heads the list among voters who expressed a preference with 12.8 percent; he is followed by Rafael Caldera (6.8 percent), Luis Pinerua Ordaz (5), and Teodoro Petkoff (3.3).

Support for Fernandez is stronger in the interior than in Caracas, but Caldera has more votes on his side in Barquisimeto and Valencia, where he bests Fernandez.

A much larger number of people in Caracas did not express a preference for any candidate (55.5 percent).

Intentions in AD

Those who said they were supporters of AD were asked whom they preferred as a presidential candidate. The names mentioned most often were Luis Pinerua (28.3 percent), David Morales Bello (18.3), and Claudio Fermin (17).

Pinerua easily outstrips the others in all cities, and Fermin has his biggest support in the metropolitan area, while Morales Bello bests him in the interior of the country.

Intentions in COPEI

Those who declared a preference for the Social Christian Party said that their favorite presidential hopefuls were: Eduardo Fernandez (61.3 percent), Rafael Caldera (27.6), Oswaldo Alvarez Paz (5.8), Luis Herrera Campins (1.8), Pedro Pablo Aguilar (1.8), and none (2.7 percent).

Election Forecast

In answer to the question "If the elections were held today, which party would win?" The results were as follows: 27 percent said COPEI, 19.1 percent AD, and 20.5 percent others. It is especially noteworthy that almost a quarter (23.4 percent) did not voice an opinion, either because they did not know or would not answer.

* 1988-89 Export Value, Volume Compared

91SM0013A Caracas EL DIARIO DE CARACAS in Spanish 17 Sep 90 p 19

[Text] According to OCEI [Central Office of Statistics and Information] data, exports totaled $260 million in August, slightly more than in July. The increase for the entire year as of this date is $1.132 billion over last year.

As of August of this year the country has exported $2.331 billion worth of nontraditional goods, according to the figures provided by the Central Office of Statistics and Information.

This amount represents a rise of 55.5 percent over exports during the first eight months of last year and an increase of 93.3 percent when compared with exports from January to August 1988.

As of this date in 1989 exports totaled $1.199 billion. By August 1988 they stood at just $1.206 billion.

As for the August numbers, OCEI indicated that last month exports hit $260 million, topping July's figure of $254 million.

The increase was four percent over August of last year and 72.2 percent over August 1988.

August exports also confirmed the upward trend since the drop in sales last April, May, and June. The best months have still been February ($369 million) and March ($427 million).

The 1990 figures give us hope that total nontraditional exports will exceed $3.5 billion by the close of 1990.

Guyana

Bills Passed to Advance Divestment Program

FL3010174490 Bridgetown CANA in English 1630 GMT 30 Oct 90

[Text] Georgetown, Guyana, Oct 30, CANA—Guyana's opposition and government members of Parliament, in a rare show of unanimity, on Monday approved three government bills which lay the foundation for advancing the government's divestment programme.

The Public Utilities Commission Bill 1990, the Telecommunications Bill 1990, and the Public Corporations (Amendment) Bill 1990 were piloted through the National Assembly by deputy prime minister, planning and development, Haslyn Parris.

The Public Utilities Commission Bill establishes an autonomous Public Utilities Commission which will oversee the services and facilities provided by public utilities. The commission will determine fair and reasonable rates to be charged by these bodies. The five-member commission will be empowered to investigate complaints against public utilities and "prescribe the adequate or reasonable service" the public utility should provide the public. It may also direct a public utility to pay compensation to any consumer "for loss or damage suffered by the consumer" on account of failure of the public utility to comply with the established norms for providing a reliable service to consumers.

Immediately, the commission will have jurisdiction over the local electricity and telecommunication entities, but the act makes provision for the relevant minister to make orders placing other services—including airport and airline, and water services—under the jurisdiction of the commission.

This bill, like the other two, is pivotal to the government's imminent divestment of the state-owned Guyana Telecommunication Corporation, 80 percent of whose assets are to be acquired shortly by the U.S. Virgin Islands-based company, Atlantic Telenetwork (ATN), with the remaining 20 percent to be owned by the government. It is also pivotal in laying the foundation for a possible joint venture between the government and the U.S firm, Leucadia, for the running of the now state-owned Guyana Electricity Corporation, with Leucadia controlling 60 percent of the shares, and the government controlling the remaining 40 percent.

The most voluminous of the three is the 61-clause, Telecommunications Bill 1990 which revises and updates the laws relating to telecommunication services in Guyana, establishes the office of director of telecommunications, and makes provision for the establishing of a licensing authority with respect to telecommunications in Guyana.

The five-clause Public Corporations (Amendment) Bill 1990 makes it clear that an order, vesting property of the state in a public corporation, can be made after a public corporation has been established. It also provides for the property of a public corporation or body corporate, owned or controlled by the state, to be transferred "not only to a public corporation, but also to any other person," and for a public corporation to be dissolved without the prior approval of the National Assembly.

The opposition People's Progressive Party (PPP), and Working People's Alliance (WPA) supported the bills while expressing a few reservations, especially in relation to the Public Utilities Commission Bill which they said was long-overdue.

TUC Demands Pay Hike for State Workers

FL3110164590 Bridgetown CANA in English 1345 GMT 31 Oct 90

[Text] Georgetown, Guyana, Oct 31, CANA—The Guyana Trades Union Congress [TUC] has complained that state businesses are not honouring a 12 percent pay hike the government announced in July.

TUC general secretary, Joseph Pollydore, told CANA that several state entities have not yet paid the increased wages and salaries. Pollydore noted that the payments have reportedly been delayed either because these entities do not have the funds to pay, or because their audited accounts for last year are not yet available to convince the government of their ability to meet the increases.

Pollydore says, however, non-payment is unacceptable in the face of the soaring cost of living, especially since it is known that some businesses are in a position to pay. He suggested that in cases where the managements, through their internal audits, could ascertain their ability to pay, the workers should be paid without delay for they "should not be penalised because of management's failure to have the accounts audited." Pollydore also suggested that in cases where the state entities cannot now afford to pay the increases, the government should step in and "find the money from someplace."

The TUC's position contrasts with that of President Desmond Hoyte, who at the weekend told the 19th biennial conference of the Guyana Labour Union the 12 percent payout is linked to the individual entity's ability to pay, and should not be regarded as being automatic.

In the meantime, there are signs of restlessness amongst some public sector workers. Several workers of the state-owned Guyana Electricity Corporation [GEC], for example, staged a strike late last week to back their demands that they be paid the 12 percent increase.

The state-owned Guyana Broadcasting Corporation (GBC) reported that following talks between the workers' representatives and deputy prime minister of public utilities, Robert Corbin, it was agreed that in the interim, the GEC would give its workers an eight percent increase.

94 Citizens Deported From Venezuela

FL3110223390 Bridgetown CANA in English 2149 GMT 31 Oct 90

[Text] Georgetown, Guyana, Oct 31, CANA—Venezuela last weekend deported 94 Guyanese citizens who reportedly entered the neighbouring country illegally, the official Guyana Public Communications Agency [GPCA] said. GPCA reported Wednesday that the Guyanese—56 men, 23 women, and 15 children—left Guyana illegally October 27 aboard the vessel, Arawaku. They were arrested at Cuniape in Venezuela from where they were deported and returned to Guyana. GPCA said 65 of the deportees had no documents, 13 had local identification cards, 10 had Venezuelan documents, five had Guyana passports, and one had only a marriage certificate. GPCA said the deportees are in custody at the Mabaruma Police Station in Guyana's North West District. It did not say if they are likely to be charged with leaving Guyana illegally.

A senior police officer told CANA Wednesday the deportation was not an isolated case. "That happens all the time," the officer said.

It is estimated that thousands of Guyanese are now living illegally in Venezuela, having been smuggled into the country as part of a thriving business which has developed over the last four years.